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NEWS SUMMARY

GENERAL

Wave of Ulster car bombings

A number of civilians were hurt in Strabane, Co. Tyrone, in one of five car bomb attacks in Northern Ireland last night.

The attacks came after an IRA warning to the police that recent street violence was only a taste of what it had in store to mark the first anniversary of the Maze hunger strike deaths.

Police said the other explosions were in Londonderry, Ballymena, Bessbrook and Belfast.

Schmidt appeal

Chancellor Schmidt of West Germany appealed to his Social Democrat Party to end internal divisions and back Nato strategy on nuclear missiles. Page 3

Resignation offer

An Israeli Government Minister convicted of stealing public funds offered to resign his Cabinet seat, averting an immediate threat to Premier Begin's coalition.

Spy suspect held

A suspected Hungarian-born spy was arrested carrying U.S. military secrets less than four hours before he was due to leave for Europe, a U.S. Federal official said.

Space mission

The Soviet space station successfully launched into orbit this week will be used for a mission by a Soviet-French crew in June.

Choice astronauts

The first woman and the first black astronauts to be selected for a U.S. space mission were named. Sally Ride and Guion Bluford will be on the seventh and eighth shuttles.

School fees

Fees for boarders at the best-known independent schools average more than £1,100 a term, according to the schools' information service. Page 10

Pope's dais razed

Arsonists destroyed a wooden dais in Cardiff from which the Pope was due to celebrate Mass to 350,000 people on the last day of his visit to Britain in June.

Heart man dies

Heart transplant patient Paul Essery died at Papworth Hospital, Cambridgeshire, the second in 24 hours.

Hindley's term

The release of Moors murderers Myra Hindley and Ian Brady will not be considered before January 1985 at the earliest, said Home Secretary William Whitelaw.

Drought eased

Heavy rain fell in Peking for the first time since last autumn, easing the severe drought that was threatening this year's harvests.

Pop rejected

An article in a Soviet youth paper entitled Disco's Dark Side urged readers to reject western pop music in favour of "real culture."

Save rhino plan

Tanzania plans to train 1,000 personnel for anti-poaching duties in an effort to save the rhino from extinction. Poachers hunt it for its "aphrodisiac" horn.

Briefly . . .

Prince Charles will make two dives to the Tudor warship Mary Rose next week.

Danish fishermen in the North Sea rescued a red deer stag swimming towards Britain.

BUSINESS

£ and $ ease; sugar off £6

● STERLING eased to $1.7655, down 5 points, DM 4.235 (DM 4.2675), FFr 11.05 (FFr 11.1), SwFr 3.4425 (SwFr 3.48) and Y429 (Y434.5). Its trade-weighted index was 89.8 (89.9). Page 36

● DOLLAR weakened to DM 2.3965 (DM 2.4155), FFr 6.258 (FFr 6.285), SwFr 1.948 (SwFr 1.9675) and Y242.8 (Y245.8). Its index was 115.2 (115.9). Page 36

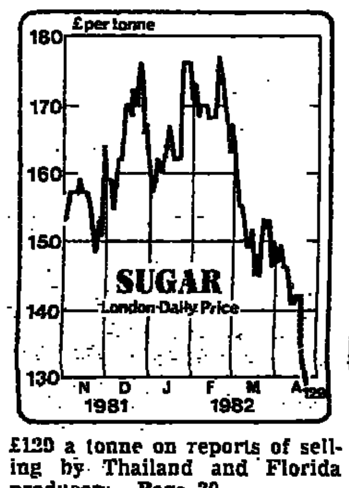
● EQUITIES drifted, awaiting the Cabinet response to Argentina's Falklands peace formula. The FT 30-share index, up 6.9 at 1 pm, closed 4.5 higher at 562.6. Page 35

● GILTS rose on sterling's firmer trend aginst the dollar. The Government Securities index closed 0.39 up at 67.45. Page 35

● WALL STREET was 3.04 down at 843.04 near the close. Page 34

● GOLD fell $5.25 to $342.75 in London. Page 30

● SUGAR daily raws price closed £6 lower in London at £120 a tonne on reports of selling by Thailand and Florida producers. Page 30



● CHICAGO Mercantile Exchange's stock index futures contract failed to be halted by a Kansas court move. Page 30

● QUEEN'S AWARD for Export this year went to 91 companies and for Technology to 19. Back Page; Pages 28 and 29

● NIGERIA is expected to introduce new import curbs. Page 4

● ECONOMIC policymaking in industrial countries can be more flexible because of the oil prices fall, New York Federal Reserve president Anthony Solomon said. Back Page

● LOCKHEED of the U.S. said "all but a handful" of 43 options for its L-1011 TriStar had been cancelled. The aircraft is being phased out of production over the next two years.

● PERKINS of the UK is supplying diesel engines to China for four-wheel drive vehicles that are believed to be its first for export.

● LIVERPOOL DOCKERS stage a 24-hour strike from 8 am today. Page 11

● AGEMASPARK, the high technology precision engineering company and holder of the Queen's Award of Export, went into receivership. Back Page

● REPUBLIC STEEL, the fourth largest U.S. steel producer, announced a first-quarter net loss of $28.5m (£15.8m) compared with a profit of $32.6m in the same period a year ago.

● SMITHS INDUSTRIES, whose interests include aerospace, automotive and medical products, lifted pre-tax profits to £11.17m (£9.97m) in the 26 weeks to January 30. Page 22; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 12½pc 1992...£94½	+	1
Assed Brit Foods...	134	+ 8
Alexanders Dscnt	216	+ 13
Amersham	200	+ 7
Assd. Dairies	130	+ 6
Bodycote	38	+ 4
British Printing	41	+ 3
Chubb	121	+ 7
Coalite	116	+ 6
Davy Crpn	142	+ 7
Dentsply 9pcConv 1991-98	186	+ 15
Foster Brothers	60	+ 5
Gen & Commercial	248	+ 13
Glaxo	621	+ 18
Haden	207	+ 12
Hambro Life	294	+ 9
Harris Queensway	152	+ 10
Johnson Matthey	257	+ 9
Menzies (J.)	253	+ 17
Mercantile House	390	+ 15
Metal Box	156	+ 10
Pilkington	253	+ 13
Refuge Assurance	228	+ 10
Royal Ins	340	+ 10
Sainsbury (J.)	590	+ 20
Somportex	100	+ 20
Speedwell	33	+ 3
Sindrd Telephones	533	+ 11
Tilbury Grup	380	+ 40
Union Discount	430	+ 20
Websters	42½	+ 4½
Charterhouse Pet	77	+ 4
KCA Intnl	405	+ 13
Ultramar	438	+ 6
RTZ		
FALLS		
Channel Tunnel	128	− 20
Smiths Inds	338	− 7
Anglo Amer Crpn	505	− 15

Pym taking UK peace plan to Washington

BY PETER RIDDELL, POLITICAL EDITOR

MR FRANCIS PYM, the Foreign Secretary, will fly to Washington tomorrow with Government proposals for a peaceful solution to the Falklands crisis.

They will be presented as a counter to the Argentine plan produced in Buenos Aires on Monday, to which London has major objections.

The Government is seeking to keep its diplomatic options open for as long as possible, though time is short, with the naval task force due to reach the Falklands area in the next few days.

Some Tory MPs last night were speculating that the task force might arrive when Mr Pym was in Washington, and that pressures on Argentina might be maintained by action at South Georgia, the Falklands Dependency, but there was no official comment in London.

In other developments in the crisis yesterday:

● Argentine Foreign Ministry officials said that they were "very pessimistic" about chances of a peaceful solution to the dispute following the cool reception by Mrs Thatcher to the latest proposals.

● Mr Alexander Haig, U.S. Secretary of State, arrived in Washington from Buenos Aires. U.S. officials said that his return home might "force" both Britain and Argentina to take a hard look at what they could accept to avoid war. One said it was best at this point to let both sides, but especially Argentina, "sweat a little."

● Reports that some British warships had left the naval task force and were heading for the island of South Georgia were denied by the Defence Ministry in London.

The Cabinet met for an hour last night to hear a progress report on the talks and discuss the broad outlines of Mr Pym's brief for his Washington talks.

The signs were that the Ministers were agreed about the further attempt to seek a peaceful solution, and that there should be no shift in the key British conditions involving: total withdrawal of Argentine forces; no joint administration; and the need to make the views of the islanders paramount.

Mr Pym who won support last night from Tory MPs, will prepare detailed proposals today, which apparently is why he is not going to Washington until tomorrow. He is expected to stay in the U.S. for a couple of days.

No details were available in London either of the Argentine proposals or the British counter-proposals.

But it is evident from Mrs Thatcher's comments in the Commons yesterday that there are a number of objections to them, though she only mentioned the failure to take account of the islanders' wishes and the unacceptable proposal for joint policing.

Britain is keen not to reject the proposals outright, though the objections are fundamental but to build on them in an attempt to win back the diplomatic initiative.

Mrs Thatcher stressed in the Commons that the ideas brought out of Buenos Aires by Mr Haig, were only one stage in the negotiating process, which was now being continued.

She refused to be drawn on suggestions by Labour leaders that the UN should become involved as an interim administrator.

She said it would be better not to get wires crossed at present. This is a particularly sensitive area, partly because of the objections of many Tory MPs to any UN involvement.

There was general support at Westminster yesterday for Mr Pym's visit to the U.S., though there are increasing signs of strain in the previous all-party agreement for the Government's approach.

On the Labour side many MPs believe that the Argentine proposals are a basis for negotiation, even if they fall short of an acceptable settlement, and that it would be wrong to risk a war by being too stubborn now.

Labour is likely to press for UN involvement, and Labour leaders are clearly looking for ways of distancing themselves from the Government if military action looks probable.

It was also noticeable yesterday that Mr David Steel, the Liberal leader, said that the wishes of the islanders should not be made paramount, but that their interests should be "uppermost in the minds" of MPs.

This view is shared by only a handful of Tory MPs, and there was criticism of Mr Steel's statement not only by the Prime Minister, but also generally from the Tory benches.

These disagreements may become greater if armed conflict occurs.

Some doubts are being expressed on the Tory side, but only a handful, possibly a dozen or two MPs, privately say that armed conflict should be avoided at all costs.

The predominant view was expressed at a private meeting of the Tory backbench Foreign Affairs Committee that the Government should remain resolute, reject the Argentine proposals, and not compromise on any basic condition.

While there is still a general preference for a peaceful

Continued on Back Page

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Israel razes last of Sinai villages

By David Lennon in Tel Aviv

ISRAEL is destroying the houses and farms it built in Sinai before it returns the area to Egypt on Sunday. Bulldozers and cranes have been busy demolishing houses and uprooting trees in a rush of last minute destruction.

"In 1967, when we captured the area, we found only sand dunes," an Israeli official said in Yamit yesterday. "Sand dunes is what the Egyptians will find when they return next week."

Israel has invested more than $1bn building 15 settlements in Sinai over the past 15 years. Because of delays deciding what to do about these villages before next Sunday's withdrawal, only a very small proportion of the investment has been recovered by dismantling and transferring the structures and equipment to Israel.

The destruction should reach its peak today or tomorrow, after the army finishes evicting the die hard settlers and protestors still living in the Yamit urban settlements on the Mediterranean coast in north eastern Sinai.

The army intends to raze the 1,000 housing units which comprise the township and were built during the 1970s. According to Israel radio reports, which the army spokesman's office was unable to confirm, the plan is to dig huge trenches in and around the town and bulldoze the houses into them and then bury them.

This is to prevent Egypt taking over the villages, which were built as a buffer between the Sinai and Israel. The Government apparently fears that if Egypt was to inherit the homes intact, it would immediately install some of its own people in the settlements close to the Israeli border.

This possibility was viewed by some Israelis as a potential threat to the country's security if the peace process fails. However, others who have lived in the settlements and helped to develop the agricultural potential of the area have described the current rampage of destruction as "madness."

While most Israeli settlers were angry at being forced to leave the area many felt that their achievements in the region could have been used for the benefit of others. A number of former settlers said they were shocked to learn that even the trees they had planted were being uprooted.

Platform builders to cut jobs as N. Sea orders fall

BY RAY DAFTER, ENERGY EDITOR

MORE THAN 2,000 workers in the UK offshore oil construction industry are facing redundancy as platform builders and their suppliers face a crisis shortage of North Sea orders.

The industry warned yesterday that many more of its 25,000 workforce could lose their jobs unless orders for production platforms and associated equipment are placed by the end of the year. Hundreds of jobs have already been lost so far this year, most of them in Scotland and the north east, the main centres for the offshore supply companies.

At the moment the industry is working through orders which resulted mainly from field development programmes started in the late 1970s. The last major project involving the construction of a platform—the Hutton Field development—was given the go-ahead in August 1980.

Hopes for new orders in the near future rest largely with three groups: British Gas Corporation which is planning the £1bn development of its Morecombe gas field in the Irish Sea and the modification of the Rough gas field in the North Sea; British National Oil Corporation which intends to exploit its Clyde oil field; and Total/Elf which is evaluating the development of its Alwyn oil and gas field.

British Gas is expected to start ordering platforms shortly. BNOC is unlikely to be in a position to place a platform order before the end of next year or early 1984. Total has still to take a decision on whether to exploit the Alwyn Field.

"If British Gas does not fill the yards—and this does not seem likely—we could be faced with massive redundancies," said Mr John Bolt, chairman of the Module Constructors' Association which represents companies building modular equipment for platforms.

Several companies have already issued statutory precautionary 90-day redundancy notices. They include:

● Lewis Offshore, Stornoway in the Outer Hebrides—notices served on 404 employees earlier this month. The fabrication yard has virtually run out of work. Lewis Offshore says that if no new contracts are secured within three months the yard will be closed and retained on a care and maintenance basis.

● Ayrshire Marine Constructors, Hunterston, Scotland—notices served on 800 of the 1,050 site workers within the past few days. The company's sole remaining contract—work on the Maureen Field production platform—is due to end towards the end of the year.

● Charlton Leslie module builders, at Wallsend on Tyneside in the north east of England — notices served on more than 200 staff about a month ago. The group, currently working on modules for the Brae Field until the summer, is seeking new work. The company said yesterday that it may not need to lay off its workforce.

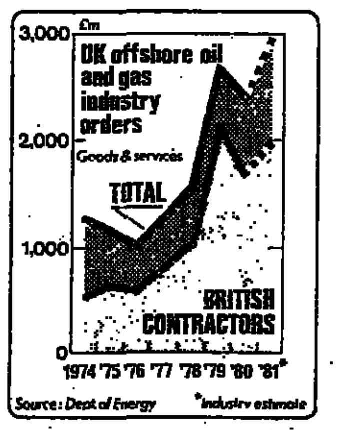
● The William Press Group, with two module construction sites on Teesside—notices served on 900 workers in November. Since then the workforce has been cut by about 300.

The Government has been warned of the plight of the offshore supplies industry by trade associations and the Industry Department's own agency, the Offshore Supplies Office. Industry officials said yesterday that the oil producers' ordering programme had been hit by uncertainties about future crude oil prices, inflation, and Government taxation policies.

Mr John D'Ancona, director general of the Offshore Supplies Office, however, said he was encouraged with the way companies were trying to find work overseas.

The gloomy prospects over the next year or so are in sharp contrast with the offshore market last year. It is expected that the Government will soon publish figures showing that in 1981 oil companies ordered almost £3bn worth of equipment and services compared with £2.4bn worth of contracts placed in 1980.

Energy Review, Page 8
Esso attacks offshore taxes, Page 9



Public borrowing well within forecast

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PUBLIC SECTOR borrowing for the last financial year will be shown to be significantly below the £9bn expected by the City—a figure which is itself £1bn lower than the Government had been expecting.

The extent of the difference, which will be shown in figures to be released tomorrow, has puzzled Whitehall and ministers.

It shows that the Government's fiscal stance last year was tighter than intended, and raises questions about whether borrowing will continue to be lower than predicted in the current year.

The figures should provide a welcome though modest boost to the Government's hopes for an easing of interest rates. However, this may not be feasible while the markets remain nervous.

Last week Central Statistical Office figures showed that the Central Government Borrowing Requirement was £7.56bn, £1.18bn less than predicted in the Budget forecast in March. Tomorrow's figures will show that local authorities also borrowed less than expected last year, so that the total difference could be nearer £1.5bn than £1bn.

The difference, though large, is within the margins of error for predicting a quantity which is notoriously difficult to estimate. On balance, Ministers will be pleased that borrowing was less than the target, particularly in view of the fact that the target was overshot by £4.5bn in 1980-81.

The reasons for this year's relatively low figure are still not clear to the Treasury. The most likely explanation appears to be that nationalised industries, local authorities and central government departments all spent less than expected. Local authorities, for example, may have been holding back on capital spending because of a wish to save revenue for staffing and other costs.

It seems unlikely that the Chancellor will respond to the figures by making any adjustments to the tax regime or to spending plans for the current financial year, although he might come under some pressure to do so, if it appeared that borrowing were likely to continue at a depressed level.

£ in New York

—	April 19	Previous
Spot	$1.7720-7740	$1.7605-7625
1 month	0.28-0.31 pm	0.30-0.35 pm
3 months	0.78-0.81 pm	0.79-0.84 pm
12 months	2.15-2.25 pm	2.15-2.25 pm

Italy questions Acclaim's parentage

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN TURIN

THE ITALIAN motor industry wants its government to rule that the Triumph Acclaim, built by BL in Britain under licence from Honda of Japan, is a Japanese car.

The Italians insist that the UK content of the Acclaim is only 60 per cent, not enough to entitle the car being called "British."

BL says the Acclaim is "70 per cent British, measured by ex-factory price."

If the Italian Government backs its local industry's view, the Acclaim would count against the very limited Japanese car quota of 2,000 a year in the country.

The car was launched in Italy amid an expensive advertising campaign last month.

Anfia, the Italian motor industry trade association, wants to use the Acclaim as a test case because it expects that similar deals between Japanese and European producers will emerge in the future.

Anfia also wants to put pressure on the EEC Commission to come up with clear guidelines on when a car can be counted as "European."

BL hopes to sell about 5,000 Acclaims in Italy in the first year after the launch with the car playing a major part in its sales recovery there.

Any move by the Italian authorities might also influence the Acclaim's position in other Continental markets. BL's target is to sell 15,000 Acclaims on the Continent this year and the company says that demand so far, particularly in France and Holland, has been above forecasts.

The outcome of the Italian industry's plea would also have implications for Alfa Romeo's plan to make a car jointly with Nissan of Japan in southern Italy and for Nissan's decision about a car plant in the UK, which it has been considering for more than a year.

Sig Vittorio Ghidella, managing director of Fiat Auto, which dominates the Italian industry, said yesterday that his company did not fear the Japanese if they intended to manufacture cars in Europe. But if they intended to assemble cars from imported low-cost Japanese components, it was a cause for concern.

"The Common Market must defend itself from the surreptitious introduction of

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Lay-offs at Longbridge, Back Page

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EUROPEAN NEWS

Polish demand to reinstate unions

BY CHRISTOPHER BOBINSKI IN WARSAW

THE LEADER of Kazz, Poland's confederation of independent trade unions which represents about 1m members, has *demanded that all the unions* suspended last December, including Solidarity, be reinstated immediately.

Mr Bogdan Fiutowski, of the small computer programmers' union and chairman of Kazz, *produced some consternation* when he made the demand last week at a special conference on the future of unions at the Communist Party college, a bastion of party dogmatism.

He called for the return of the unions, even under *martial* law, and said that "their absence is a threat to our national survival."

Against the background of the lack of progress in relations between Solidarity and the authorities, Mr Fiutowski's finely balanced speech represents the first *coherent* presentation in public of a framework for a possible modus *vivendi* between an autonomous and pluralistic union movement and the Communist Government.

Kazz proposes the establishment of an *independent union* movement inside the system, an idea once accepted by moderates in the party but discarded last year and now little supported in the establishment. The Kazz confederation, overshadowed by Solidarity *last* year, grouped some 32 unions of various sizes which wanted to remain independent both of the free trade union and the loyalist "branch" unions.

None of the movement's activists were *interned on* December 13 when martial law was imposed and the authorities have refrained from attacking Kazz. However, some like Mr Tomasz Bartoszewicz, an adviser who represented Kazz at the International Labour Organisation in Geneva last year, are *now losing their jobs.*

Mr Fiutowski demanded in *his speech that neither Kazz* nor Solidarity be allowed to disappear and that the unions must be autonomous. He criticised the Government-sponsored discussion on the future of the unions and charged *that media policy* was being run "as if someone didn't want to see the unions back again."

He added, by way of concession, however, that the unions must set aside any thought of *bringing about* fundamental changes in the political system and must stick to representing their members' interests.

They "must work to *strengthen* the Socialist *system* in our country," he said. This *also meant* that *while the Communist* Party must remain a partner for the unions in day-to-day matters, on the wider issues, like foreign policy, the party and the unions must work together.

In a *strong plea* for the unions' independence, Mr Fiutowski *said: "On all the detailed* problems connected with the construction of socialism, the unions must above all represent their members' interests and thus maintain their own opinions." He added: "Activities hostile to the system and our economy should be eliminated with all the due severity of the law."

This would mean that any unions wanting to resume operations would have to shed those activities deemed *hostile* to the authorities, although Mr Fiutowski's statement is also aimed at mismanagement of the economy. "There is no room for enemies of our society" he added. Indeed, the Kazz *demand that unions* return even under martial law implies that it is ready to condone continued internment.

Mr Fiutowski noted in his speech that the independence of Solidarity must be safeguarded but he clearly believes that the 10m-strong union must agree *to leadership changes*

French industry sees little hope of output rising in near future

BY DAVID WHITE IN PARIS

FRENCH INDUSTRIALISTS expect little change in average production levels over the next few months, despite a recent upturn in the consumer goods sector.

This is the conclusion of the *latest Bank of France survey* carried out at the beginning of this month. The overall climate is expected to improve only very slowly, and not enough to encourage the new investment which the Government is seeking in its drive for new jobs.

The survey coincides with publication of official February figures showing a drop in the *industrial production index to* 127 from 128 in January. The seasonally-adjusted figure, which excludes the building industry, compares with a level of 130 in February last year.

According to the Bank of France, however, the trend improved in March with a return to the gradual growth seen at *the end of last year.* This recovery has taken place mainly in consumer products, such as clothing, household equipment and particularly cars. Industrialists in these sectors expect activity to continue expanding but at a slower rate.

On the other hand, output of intermediate products, after gaining somewhat from this *trend in March, is expected to* fall back in the short term. The same goes for capital goods, where the situation remains unchanged in the face of weak export demand.

The Bank underlines the problems that many companies are experiencing in trying to keep prices competitive with European and Japanese rivals. It notes frequent complaints from industrialists about shrinking margins on both the export and the domestic markets and fears of further pressure from higher wage and social charges and the increased cost of dollar-denominated imports.

In general, domestic demand *was more active in March,* but export orders were slightly down.

Portuguese bank lifts base rate

By Diana Smith in Lisbon

The Bank of Portugal has increased its basic rate by one point to 19 per cent — the first adjustment since 1978. This is part of sweeping measures introduced yesterday *by the Ministry of Finance* in the hope of restraining excessive credit demand, of stimulating investment and, by inference, reducing the burden of Portugal's short-term foreign debt, which is 30 per cent of the \$10bn foreign debt.

Commercial *interest* rates have been raised by two points to a range of 23 per cent on 90-day operations to 26 per cent over five months *or more.* At the same time, the bank's compulsory reserves have *been* increased to 12 per cent of deposits of less than one year and 9 per cent of deposits of more than a year.

Sr Joao Salgueiro, the Finance Minister, said banks had *been instructed to be* more selective with credit, ending eight years of indiscriminate lending.

Privileged interest rates for agriculture and foreign trade are to be reviewed. The privileged rates will decrease for short-term operations and increase *on long-term* ones. Meanwhile, export credit *facilities* will no longer be automatic. They will be given preferentially to new products or new markets.

In an effort to streamline management of the weighty public sector, the Government has created *the Institute of* Financial Management of Public Companies, a holding company on the Italian model.

The cumbersome nationalised sector has been run until now by several ministries. Sr Salgueiro voiced the hope that the new institute would provide flexible, *professional* management.

Holders of bonds issued as compensation for assets nationalised in the 1975 revolution may now use these to repay bank debts.

Communists to back Kyprianou

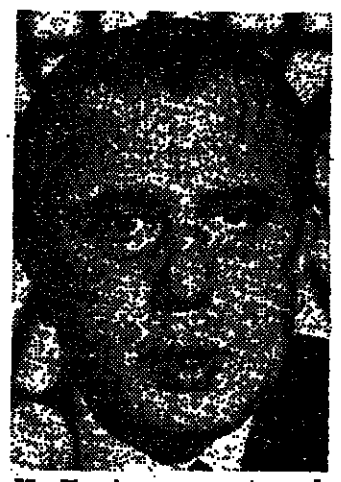
BY ANDREAS HADJIPAPAS IN NICOSIA

THE CYPRUS President, Mr Spyros Kyprianou, yesterday declared his decision to seek re-election at the head of a political alliance that will include Akel, the powerful Communist Party. He made the announcement at the same time as making sweeping changes in his government in which all but three ministers were replaced.

A presidential election is due next February when Mr Kyprianou's five-year term expires.

The pact between Diko, Mr Kyprianou's centre-right Democratic Party, and Akel came in the form of an 11-page document laying down a "minimum joint programme" which would form the basis of a new government's policies.

It said Cyprus would follow an "anti-imperialist" policy, strengthen its co-operation with the non-aligned movement and reinforce friendly ties with the "Socialist countries which have been the island's main supporters both within and outside the United Nations."



Mr Kyprianou . . . to seek re-election

The document stressed, however, that the new alliance was not seeking to change the island's economic and social structure. This is an evident attempt to allay fears among many of Mr Kyprianou's supporters who clearly favour continuation of the free economy and free enterprise system.

On the problem of the partition of Cyprus, the document expressed support for intercommunal talks under United Nations auspices, called for efforts to achieve reconciliation and rapprochement between Greek Cypriots and Turkish Cypriots and stressed the need to search for a peaceful settlement.

An Akel-Diko alliance, in fact, has been in force informally for more than a year as Mr Kyprianou has had to rely on the Communists' strength to push legislation through Parliament.

In Parliamentary elections last May, the Moscow-orientated Akel polled 32.8 per cent of the vote, while Mr Kyprianou's Diko gained just under 20 per cent. On this basis Mr Kyprianou would win a presidential election outright.

The other declared candidates are Mr Glafkos Clerides, leader of the pro-Western Democratic Rally which won 32 per cent of the votes last May and Dr Vassos Lyssarides, whose Socialist party polled 8 per cent.

Mr Nicos Rolandis, the Minister of Foreign Affairs, and Mr Christodoulos Veniamin, the Minister of Interior and Defence, have retained their positions in the cabinet shuffle.

Spanish coup trial may drag on into summer

BY ROBERT GRAHAM IN MADRID

SENTENCING in the court martial of the 32 officers and one civilian accused over the attempted coup of February, 1981, is unlikely before June. This is the view of Sr Leopoldo Calvo Sotelo, the Spanish Prime Minister, and underlines that the two-months-old trial is proving far more protracted than expected.

The trial's leisurely pace was underlined yesterday by a decision to adjourn for a week. This followed the winding up of evidence heard from witnesses called by the accused. Originally, 69 witnesses were called to give evidence. However, the defence lawyers on Monday decided not to call 20 of these, mostly minor figures.

This left only two witnesses outstanding. The first of these was Sr Enrique Mugica, number three in the Socialist Party hierarchy, and the sole politician called to give evidence. He had been summoned by the defence of Gen Alfonso Armada, for whom the prosecution is seeking 30 years' imprisonment as the ringleader of the plot.

Five months before the coup attempt, Sr Mugica met Gen Armada when the latter was military governor of Lerida. Sr Mugica denied any discussion of a coup and said the visit was a courtesy, backing up Gen Armada's claim to have played no part in the coup attempt.

One more witness was called after Sr Mugica—a sergeant. However, he failed to turn up, his name having already been called on Monday. There was no explanation for his absence and the presiding military judge ordered an investigation.

This small incident highlighted once again the apparent lack of control with the 17-man tribunal has exercised over the 24 sessions. Yesterday morning, six of the accused were absent, again without explanation. In the past two weeks it has become a growing habit for various members of the accused to absent themselves. There seems no enforcement on attendance.

The adjournment will allow the prosecution to prepare its summing up which will almost certainly consume the whole of next week's sessions. The defence representing each of the 33 accused will then present their case, to be followed by the co-defenders of the accused (a largely political presence of Right-wing army officers). After this there will be final declarations before the sentence.

The presiding judge yesterday rejected pleas for face-to-face questioning in court between people giving contradictory evidence. This leaves in the air the flat denials by Gen Armada of any part in the plot or of meetings he was alleged to have had directly or through intermediaries with the other key figures, Gen Jaime Milans del Bosch and Col Antonio Tejero.

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June poll likely as Italian coalition totters

BY JAMES BUXTON IN ROME

THE GOVERNMENT of Sig Giovanni Spadolini yesterday appeared virtually certain to fall in the next few days with a general election at the end of June.

Almost the only thing that could halt the accelerating movement towards the fall of Italy's 41st Government since the war would be the resignation of Sig Nino Andreatta, the Treasury Minister, whose speech last weekend sparked off the latest crisis.

Sig Andreotta, a Christian Democrat, told a party meeting that the Socialists, who are partners in the coalition, might lead Italy to "national socialism" if they took votes away from the Christian Democrats.

The remarks brought to the boil tensions within the five-party coalition which have been building up for several weeks. They were seized upon angrily by the Socialists who called for the minister's immediate resignation. Sig Andreotta has refused, though he has said that he expressed himself badly in his speech and meant "socialist nationalism."

Only three second-ranking Socialist ministers yesterday attended a cabinet meeting, which had been postponed for a day because of the Socialists' refusal to attend it all on Monday. The ministers claimed that their presence was "technical" rather than "political."

When Sig Andreatta later spoke to a committee of the Senate all the Socialist Senators walked out. The Socialist Party is due to decide its formal position on its future participation in the Government todya.

The situation is complicated by the fact that the constitution requires Parliament to pass the 1982 budget and Finance Bill by the end of April. Yesterday, the Bill ended its re-examination in the Senate but must go back to the Chamber of Deputies for further scrutiny.

The Socialists and Social Democrats are privately keen for an election in the belief that their support will rise. The Christian Democrats are opposed but may feel that an election would provide a way of patching up internal divisions in the party.

Rome cracks down on gang warfare in Naples

BY RUPERT CORNWELL IN ROME

THE Italian Government has begun a counter-offensive to the gang warfare which is ravaging Naples and its hinterland. The move follows the transfer of the country's most notorious underworld leader to a remote island prison off north-west Sardinia.

This year alone almost 110 people have been killed as factions of the Camorra, a Neapolitan equivalent of the Mafia, battle for control of the lucrative arms and drugs traffic through the city, and of the L1,500bn (£666m) earmarked for reconstruction after the November 1980 earthquake.

The last of them, Sig Alfonso Rosanova, was shot dead this week in his hospital bed at Salerno, south of Naples, by a group of 10 armed men who overpowered his police guard. Sig Rosanova was known as a financier of the most powerful Camorra group, led by Sig Raffaele Cutolo.

The record this year, however, is of no less than eight deaths in a day. The butchery is such that not just criminal rivals, but their families, have been wiped out by men out to terrorise their enemies into submission.

So far, the Government has seemed powerless to stem the bloodshed. Manpower has been unavailable, and the central state has promised only the extension of existing anti-Mafia legislation to Naples, and detailed checks on the tax returns of 3,000 leading gangland figures.

This week, however, public complaints by President Sandro Pertini led the Government to shift Sig Cutolo, whose claims to a modest education have earned him the title of O' Professore, to the top security prison of Asinara, a Sardinian equivalent of Alcatraz.

He had been jailed previously, apparently in lax conditions, at Ascoli Piceno, a small town 130 miles north-east of Rome. Visited at all hours by colleagues, secret service representatives and even Naples politicians, Sig Cutolo continued to dispense with impunity favours and death sentences alike.

Even so his grip on the major rackets in Naples has seemed to be weakening recently. The death toll has been heaviest among his own followers, and the transfer to Sardinia could curb his influence.

But, assuming that his enemies do not catch up with him first, Sig Cutolo may have time to develop his poetic talents. Last year a small Naples house published a volume of his work, entitled Poetry and Thoughts, including one especially tasteless piece of doggerel dedicated to the orphaned child of parents whose murder he had ordered.

Norway pay pattern set

BY FAY GJESTER IN OSLO

THE ELEVENTH-HOUR agreement between Norway's engineering employers and the powerful iron and metal workers' union could set the pattern for wage settlements in other sectors of industry.

For the first time in many years the Government has taken no part in the bargaining. It stated in advance that it would not intervene to stop strikes by referring disputes to the state wages board—as the previous Labour Government often did.

But the country is still threatened by two potentially-serious transport strikes. Late yesterday it remained uncertain whether unions representing 300 aircraft mechanics and some 17,000 bus and lorry drivers would settle their differences with employers in time to avoid air and road chaos.

Deadline for the road transport workers was 8.30 pm yesterday and for the aircraft mechanics is midnight today.

Europe's union chiefs set out plan to cut jobless

BY JOHN LLOYD, LABOUR EDITOR, IN THE HAGUE

EUROPE'S union leaders yesterday set out their plan for cutting Western Europe's 13m jobless total through a mixture of co-ordinated reflation and reduction in working time.

These demands to be adopted this week at the fourth congress of the European Trades Union Congress (ETUC) at the Hague, will be pressed at European Commission level in coming months and elements—especially the demand for reduced working time—will be reflected in national bargaining.

An additional demand to the Resolution on Economic Recovery was accepted. This calls on European governments to devote 1 per cent of national income to further public investment.

ETUC calculations use the OECD interlink models so that, if the reflation was a concerted one among Western European states, the gross domestic product of most of them is envisaged as increasing in one year by about 2 per cent.

The exercise is similar to and takes its inspiration from a project by the British TUC, in which a reflationary plan was run through the UK Treasury economic model.

Mr David Lea, assistant general secretary of the TUC and chairman of the ETUC's economic committee, told delegates it was incorrect to say that extra output would merely create extra inflation.

The rate of return on investment projects had to be seen in the context of the social opportunity costs of not proceeding with them, Mr Lea said. Trade unions, together with disadvantaged and minority groups, were the "social majority" which had to make its voice heard.

M Edmond Mire, general secretary of the Confederation Français Democratique du Travail, told the congress that "the social advance which could be made in France is only solid and lasting if similar advances are made in other European countries, under the pressure of workers and unions".

The resolution on Economic Recovery demands:

- A more egalitarian distribution of income;
- Concerted public investment by Western European companies;
- A co-ordinated reduction of interest rates;
- An increase in training and a strategy for reducing youth unemployment;
- A reduction of the working week to 35 hours;
- Improvement in working conditions;
- Increase in aid to the Third World.

Schmidt makes strong plea to party not to desert him

BY JONATHAN CARR IN MUNICH

THE WEST GERMAN Chancellor, Herr Helmut Schmidt, has made a strong personal appeal to his Social Democrat Party (SPD) not to desert him, nor his increasingly strained coalition government in Bonn.

Addressing the party congress in Munich yesterday, Herr Schmidt stressed that this year would be one of fateful decisions at home and abroad against the background of a continuing world economic crisis.

"I ask you for your help," the Chancellor said to the 400 delegates, adding, in a departure from his prepared text, "sometimes one feels pretty alone in high state office."

Herr Schmidt was speaking after months of bickering, not only within the government coalition between the SPD and the liberal Free Democrat Party (FDP), but between factions within the SPD itself. The result has been growing speculation about whether the alliance, which has been in office for more than 12 years, can survive much longer.

Parts of the speech were, for Herr Schmidt, unusually personal in tone—evidently in an effort to change the views of some in the party who see him as an unsympathetic "crisis manager" with little long-term perspective. Herr Schmidt admitted that he had made mistakes, that he would be unable to avoid making more—and that he had been hurt by some of the party criticism levelled at him—for example, that his moral stance had been "crippled" by the pressures of practical policy-making.

But on the key controversial issues which the congress is due to debate this week Herr Schmidt also made clear that he had not budged at all—and did not intend to do so.

As expected, he reaffirmed his complete commitment to the Nato "arm and negotiate" decision on intermediate-range nuclear missiles, a stand which at least a strong minority of delegates would like to see rejected. While not specifically repeating his threat to resign if the party came out against the Nato position, Herr Schmidt said: "The congress is aware of the absolutely top-level importance I attach to this matter."

The Chancellor also urged the congress to reject a motion to be placed before it urging that there be a two-year ban on construction of new nuclear power stations. He also underlined that, however hard it was for Social Democrats to see their principles watered down in practice, the coalition with the FDP meant that compromises had to be found. Anyone not ready to compromise was not fit for democracy.

Besides using the carrot of a personal appeal to gain congress support, Herr Schmidt also took up a stick—by painting a lurid picture of what he felt would happen if the opposition parties came to power.

West Germany would become the pawn of other powers, he said, its society would become the object of "neo-conservative" experiments, there would be both more "drop outs" from politics, and a dramatic increase in total opposition to the state.

Schmidt and Brandt . . . differences of tone

Share in Canada's arctic gas sought

By Kevin Done in Frankfurt

WEST GERMAN and Canadian energy groups are to examine ways of exploiting natural gas reserves in the Canadian Arctic islands, with a view to shipping up to 5bn cubic metres a year of liquified natural gas (LNG) to the Federal Republic.

Ruhrgas, the dominant West German gas importer, and Deutsche BP, the West German subsidiary of British Petroleum, are to mount a joint feasibility study with Transcanada Pipelines and Petro-Canada into developing gas reserves discovered on the King Christian and Ellef Ringnes islands.

The first phase of the study is likely to be completed by the end of 1983, but the earliest that gas could be shipped to Europe would be the beginning of the 1990s.

The main attraction of the scheme for West German gas companies would be the opening up of a new source of gas supplies to help the industry diversify its gas purchasing away from its present three foreign suppliers—the Soviet Union, the Netherlands and Norway.

Such a deal would offer Canada access to one of the main gas consuming areas of the world.

The Federal Republic last year consumed 54.5bn cubic metres of natural gas of which 32 per cent came from domestic production, 20 per cent from the Soviet Union, 16 per cent from Norway, and 32 per cent from the Netherlands.

The scheme envisaged for exploiting the arctic gas would involve local liquefaction and then transport by ice-breaking LNG tankers on the 5,200-mile route to a deep-water terminal at Wilhelmshaven on the North Sea coast of West Germany.

Transcanada Pipelines, the biggest Canadian gas distribution company, will lead the project study group. It holds a one-third interest, with the remainder in the hands of Petro-Canada, the State-owned Canadian energy group (one-third) and Ruhrgas/Deutsche BP. (one-third).

According to official Canadian figures, the Arctic Islands have proven and probable natural gas reserves of around 400bn cubic metres, but the region is still relatively unexplored. By comparison, the UK had natural gas reserves estimated at 750-2,150bn cubic metres at the end of 1980.

A separate scheme, the Arctic Pilot Project, is already being prepared by Canadian and U.S. companies to exploit Canadian Arctic gas from the region of Melville Island, about 300 miles to the south-west of King Christian Island.

This project is being led by Petro-Canada and Tenneco for the U.S. purchasing consortium. Hearings are being held in Ottawa into the granting of export licences for the shipment of gas — first in liquefied form, then by pipeline from the Canadian east coast to the U.S.

First deliveries—at a rate of 2.2bn cu metres a year—are not planned before 1987.

Ruhrgas stressed yesterday that the Arctic gas project could not be seen as an alternative to its recent controversial deal with the Soviet Union for the delivery of 10.5bn cu metres a year, beginning in late 1984.

The company is confident that rising German gas demand, coupled with the country's policy of seeking to reduce crude oil imports, will create a market large enough to absorb growing quantities of Russian gas in the second half of the 1980s as well as extra supplies of 2.2bn cu metres a year due from Norway from 1985-86.

West Germany at present recievs all foreign natural gas supplies by pipeline. Earlier agreements reached with Algeria for the supply of LNG were cancelled by the Algerians.

A further project for the delivery of LNG from Nigeria appears to have been put on ice, following the withdrawal of several of the oil companies involved in the scheme.

Double act finds audience hard to rouse at SPD congress

BY JONATHAN CARR

HERR HELMUT SCHMIDT and Herr Willy Brandt had at least one thing in common when they spoke this week to the party congress. Both found it hard to rouse much enthusiasm among the 400 delegates inside the largely-empty and acoustically-treacherous "Olympiahalle," which can seat more than 10,000. That said, the speeches were most notable for their differences.

To be sure, Herr Brandt, the party chairman, delivered his remarks in strong tone and with much banging of the speaker's dais. But, through the way in which he formulated his comments and through what he failed to say, he left some doubt about his real position.

Like Herr Schmidt, he urged the congress to support the Nato "arm and negotiate" decision on nuclear missiles. But he argued that the Nato stand "is a fact. It belongs to the mechanism which puts pressure on both sides. (the U.S. and Moscow) to agree." He also said the decision did not imply that new Western missiles would automatically be deployed in Europe, if the super-power talks stalled.

The Chancellor, on the other hand, put the onus firmly on the Soviet Union. The negotiations could only be successful if Moscow knew for certain that failure would mean the missiles deployment

Both speakers mentioned Afghanistan, but in quite different ways. Herr Schmidt likened the Soviet invasion to the action of the "aggressive Hitler dictatorship," while the SPD chairman simply remarked that El Salvador should not become another Afghanistan.

Herr Brandt said the Social Democrats wanted close and friendly relations with the U.S., but it was Herr Schmidt who gave concrete examples of things for which the West Germans were truly grateful to Washington, including the defence of freedom in Berlin and Marshall aid. Above all, Herr Schmidt stressed that "our position is irrevocably anchored in the West," and the whole thread of his foreign policy arguments made clear why he thought so.

This stance emerged much less clearly from Herr Brandt's remarks and helps explain why successive U.S. administrations, as well as the Mitterrand Government in France, have had doubts about the SPD's whole-hearted dedication to the Western alliance.

One seasoned academic observer commented after the two speeches that it had been the old business of "division of labour"—Herr Schmidt providing the sharp policy contours for the country at large and Herr Brandt acting as a "figure of integration" for the Left.

The problem is that the SPD now has the support of only one-third of the electorate, its lowest level of popularity for more than a decade, indicating that the old strategy is not working as it used to.

Lee tightens control on Singapore newspapers

BY KATHRYN DAVIES IN SINGAPORE

THE SINGAPORE Government is to tighten its already strict control over the local media next month by forcing changes in the ownership of the republic's leading newspapers.

An announcement from Prime Minister Lee Kuan Yew's offices yesterday said that a wholly-owned subsidiary of the Straits Times Press (1975) Limited, which publishes all four of the republic's English-language newspapers, will relinquish two of its titles to a rival concern, Singapore Monitor Limited, from May 1.

In an arrangement which has not been fully explained, The Monitor will "borrow" the titles of an afternoon paper and a Sunday paper from the Straits Times for a nominal sum for an initial period of one year. The Straits Times is believed to be particularly unhappy about parting with the Sunday paper but has been overruled.

At the same time, the country's two major Chinese language dailies are apparently being threatened with amalgamation, following the creation of a joint holding company through a complicated share swap by the parent groups of both newspapers.

Trading in the shares of the Straits Times and the two Chinese newspapers was suspended on the Singapore stock exchange last week while discussions took place between senior executives and Mr Lee.

A statement from the Prime Minister's office said that the declining readership of Singapore's Chinese newspapers was caused by the popularity of English-language education in Singapore, had caused a need to restructure the ownership of both groups of newspapers.

Many local journalists and newspaper executives fear the restructuring is another response to the emergence of a small but vocal opposition to Mr Lee's ruling People's Action Party, which suffered an unexpected defeat in a by-election last October.

The victory of Mr J. B. Jeyaretnam, the Workers Party candidate, in the Anson constituency has been partially blamed by Ministers on a report carried by the Straits Times just before the election, saying that bus fares were going up. The report was subsequently denied by the Government, which alleged voters had been misled.

In February, a former senior intelligence officer and senior civil servant, Mr S. R. Nathan, was appointed as executive chairman of the Straits Times, a move interpreted by many observers as direct government intervention in the running of what was in any case a pro-Government newspaper.

This view was shared by the Australian newspaper owner Sir Keith MacPherson, whose Australian newspaper chain, the Herald and Weekly Times, held a 3 per cent stake in the Straits Times subsidiary, New Nation Publishing, the maximum allowed to overseas interests.

In a letter to Prime Minister Lee, announcing his company's decision to sell its holding last week, Sir Keith said: "The Herald and Weekly Times Ltd is a staunch supporter of the principles of freedom of the Press . . . quite obviously therefore, it is not possible for us to continue in association with a newspaper which is now clearly government dominated."

Mr Lee has had traditionally abrasive relations with both the foreign and local Press and the PAP does not deny that it intends to keep a firm grip on the content of the republic's newspapers. Mr S. Dhanabalan, the Foreign Minister, told Parliament recently: "We make our own rules as to how political parties should conduct themselves and how public issues should be discussed."

Lee Kuan Yew

Specifically, however, the Government also needs to accommodate the backers of the yet-to-be published Singapore Monitor, including the Government-controlled Development Bank of Singapore (DBS) which has already sunk S$44m (£11m) into the venture.

The Government first backed the Monitor two years ago as a potential check on the influence of the Straits Times, the republic's only morning English language paper, which has a circulation of 230,000.

But Mr Lee is said to have become concerned that the new paper could not function professionally without the assistance of senior foreign, mostly British journalists who would not necessarily share PAP's media perceptions.

Eanes holds talks with Nujoma in Luanda

By Diana Smith in Lisbon

PRESIDENT Antonio Ramalho Eanes of Portugal has held talks in Luanda with Mr Sam Nujoma, leader of the South West Africa People's Organisation, in a move which has put Portugal's role in Southern Africa on an entirely new footing.

Having specially asked to see President Eanes while the Portuguese head of state paid a four-day state visit to Angola, Mr Nujoma told him he would be happy to see Portuguese troops playing a key part in a peace-keeping in Namibia, once the transition toward independence began.

President Eanes' public condemnation in Luanda of Apartheid and of the undeclared war waged by South Africa in Souther nAngola was patently what his hosts wanted to hear.

This and efforts to drum up co-operation by Portuguese concerns for Angola's glaring material needs ensured the success of his visit.

Portugal has always discreetly hinted that it would be pleased to be an honest broker in southern Africa, if such a contribution were needed.

The crowsd who welcomed President Eanes wherever he went in Angola were no great surprise. The Angolans had hinted he could expect a particularly friendly welcome, as the first Western chief of state to visit the country since its 1975 independence.

But the speed at which letters of intent were signed and the alacrity with which Angola agreed to clear up outstanding debts, like one of $12m (£6.8m) to Portugal's National Navigation Company, startled many observers.

Among the steps agreed are assistance by a Portuguese metal company in production of gas cylinders in Angola, operation of 13 Angolan hotels by a Portuguese company and help by Portuguese technicians in restoring production of coffee, sisal, sugar and cotton.

Angola desperately needs volunteers in every area of activity. Portugal will make special efforts to persuade young people with the necessary qualifications to go there.

Meanwhile, the Angolans indicated they would return assets to Portuguese who would come back, having fled the country in the 1975 civil war.

Nigerian import curbs expected

By Michael Holman

OFFICIALS AND businessmen in Lagos anticipate the introduction of wide-ranging import curbs following the approval earlier this week of legislation introduced by President Shehu Shagari at a special session of Nigeria's national assembly.

President Shagari told the assembly on Monday that suspension of letters of credit and foreign exchange applications, announced on March 23, would be lifted "urgently." He is now expected to use new powers granted to him under the Economic Stabilisation (Temporary Provision) Bill to introduce new import curbs.

President Shagari said that the March 23 measures would be lifted "as the country cannot afford to keep our international transactions in suspense any longer."

Businessmen in Lagos believe that new measures could include an import deposit schemes, and raised customs duties.

In his speech on the Bill, the President released the results of a central bank exercise which illustrates the country's serious balance of payments difficulties in the wake of falling oil production.

As of March 23 outstanding commitments for imports of spare parts, raw materials and food came to 4.2bn Naira (£4.1bn), of which 2.6bn Naira will fall due over the next three months.

Last month's Opec meeting in Vienna established a quota of 1.3m barrels a day (b/d) for Nigeria, but the forecast April production figure is around 950,000 b/d. Even if Nigeria reached its quota, oil receipts would be an estimated $700m below normal monthly import levels.

Prem to visit Europe

Thai Prime Minister Prem Tinsulanonda leaves for Europe tomorrow on a tour that will include talks with British Prime Minister Margaret Thatcher and French President Francois Mitterrand and EEC officials in Brussels, Reuter reports from Bangkok. His delegation will include the Thai Ministers of foreign affairs, commerce, agriculture and industry and 30 leading businessmen.

HIGH CURRENT ACCOUNT DEFICIT FORECAST

India will need more external financing, says World Bank

BY K. K. SHARMA IN NEW DELHI

THE WORLD BANK has warned that India will need considerably more external help to finance its current account deficit, in addition to generating its own foreign exchange resources.

In a confidential report on the Indian economy which has been sent to Western donor countries and Japan in the "Aid-to-India" consortium, the World Bank said that India's current account deficits are anticipated to be more than 2 per cent of Gross Domestic Product (GDP) for the first half of the 1980s.

Growth in imports must be accompanied by major improvements in infrastructural performance, modernisation of industry and accelerated export growth as a "top priority," the report says.

The Bank projects exports of $10bn in 1982-83, $11.6bn in 1983-84 and $13.5bn in 1984-85, a growth rate which roughly conforms to the Government's calculations.

Imports are projected at $17.6bn in 1982-83, $20bn in 1983-84 and $21.75bn in 1984-85. The current account deficit would be highest in 1983-84, when it is estimated at $5.19bn, more than double that estimated in 1981-82.

The flow of concessional aid is expected to reach about $1.8bn annually in the next three years and this must mean a rise in medium- and long-term borrowing from other sources, including the International Monetary Fund (IMF) and the world money markets.

The report says that the role of the external sector in the Indian economy is "certainly more critical now" than ever before. It points out that imports will be vital for promoting efficient use of resources since they will make industry competitive. The "significant challenge" of modernisation could be met only through greater reliance on imports of key equipment.

Exports also have an important part to play in encouraging a more efficient use of resources and in improving the allocation of "scarce resources for development," the report says, pointing out that private foreign investment and external commercial borrowings will be important for India in the 1980s. Government policy should encourage foreign investment, it says.

The Indianisation of foreign companies under the Foreign Exchange Regulation Act of 1974 is nearly completed, the bank says, and the Act need not be an obstacle to foreign investment. The number of foreign collaboration agreements since 1974 has increased.

Nearly two-thirds of the collaboration agreements in the 1970s covered five major industries—industrial machinery, electrical equipment, chemicals, machine tools and metallurgical industries.

The report broadly endorses the policy decisions of the Indian Government in the past year but has noted some major weaknesses in the economy. Apart from the balance of payments position, these include the relatively slow improvement in power generation, transport and coal, imbalances in agricultural growth both in regions and crops, low productivity of many sectors of industry and the slow progress of irrigation projects.

The Bank approves of the increased public sector outlays in the country's sixth five-year plan for the period 1980-85 but says that the changes made in the last two years are insufficient to meet the real investment needs for the period as a whole.

Delhi to build two heavy water plants for N-power stations

BY ALAIN CASS, ASIA EDITOR

INDIA IS to build two heavy water plants to supply cooling liquid for its nuclear power stations which are currently working substantially below full capacity.

The plants will be built entirely without foreign aid or technology and it is hoped their completion will relieve the chronic instability in India's electricity grid.

India is reliably understood to have turned down offers from the Soviet Union to supply heavy water to make up the shortfall.

This is because the Russians insisted that any plants using their heavy water would have to be opened to international inspection under the auspices of the Vienna-based International Atomic Energy Agency.

India is not a signatory of the Non-Proliferation Treaty (NPT) which it considers biased against developing nations. Proposals for building the first entirely Indian heavy water plant to add to the existing two French-designed stations have been put before the Cabinet in New Delhi.

The plant is expected to be sited on the Godavari River in Andhra Pradesh Satte and to have a production of between 200 Mw and 400 Mw a year. A second plant is in the planning stage.

Of India's four nuclear power plants either in operation or under construction, three are pressurised heavy water reactors (PHWRs) using natural, as opposed to enriched uranium. One unit at the Madras power station is lying idle because of a shortage of heavy water.

The critical shortage of heavy water has two reasons. First, the existing French-designed heavy water plants are affected by frequent power failures. The Andhra Pradesh plant will have its own generator.

Second, the heavy water plant at Baroda was out of action for nearly 18 months after an explosion in 1980 which ruptured a critical pipe. Persistent reports that this was the result of sabotage have been denied by the Government.

The electricity shortage has also hit existing nuclear power plants which sometimes stop functioning two or three times daily when the power frequency drops below certain levels. This in turn stops the outflow of power from the nuclear stations.

India's only nuclear power station which functions on enriched uranium at Tarapur in Maharashtra has been running at below 80 per cent capacity since the U.S. ended its supply contract.

Mrs Indira Gandhi, the Prime Minister, is likely to press for a resumption of supplies when she visits Washington later this year.

According to officials, the Tarapur plant has sufficient fuel for what is described as its life time, but they refuse to say how long that may be, or what happens after that, should the U.S. not resume supplies of enriched uranium.

THE FALKLANDS CRISIS

Marines tell of battle on the beach

By Bridget Bloom, Defence Correspondent

THE 22 British Royal marines who found themselves on the island of South Georgia facing an invasion force of about 100 Argentina Marines decided to fight rather than capitulate because they wanted to make sure the Argentina capture of the island becomes "a separate political issue" from the Falkland Islands' takeover.

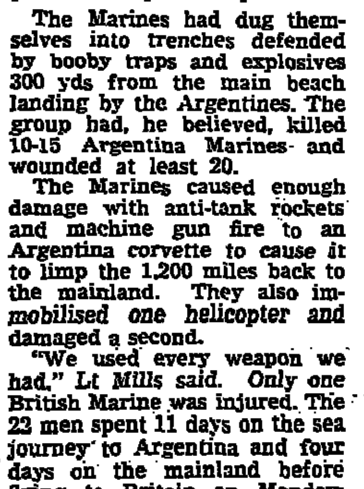
Lt Keith Mills, commanding the Marine detachment normally based on HMS Endurance, told a Defence Ministry Press briefing yesterday how his men had fought for two hours on April 3, the day after Argentina troops had taken the Falklands, to prove their political point.

The Marines had dug themselves into trenches defended by booby traps and explosives 300 yds from the main beach landing by the Argentines. The group had, he believed, killed 10-15 Argentina Marines and wounded at least 20.

The Marines caused enough damage with anti-tank rockets and machine gun fire to an Argentina corvette to cause it to limp the 1,200 miles back to the mainland. They also immobilised one helicopter and damaged a second.

"We used every weapon we had," Lt Mills said. Only one British Marine was injured. The 23 men spent 11 days on the sea journey to Argentina and four days on the mainland before flying to Britain on Monday. They were "treated very well—I was very surprised how well," Lt Mills said.

● Lt Mills (below right) is welcomed back to Britain by Lt Gen Sir Steuart Pringle



Falklands adventure unites a country in search of its identity

BY JIMMY BURNS IN BUENOS AIRES

OUTSIDE army headquarters in Buenos Aires the symbols of warfare—replica tanks, heavy artillery and live soldiers looking like American GI's—look menacing. But inside the huge white building the guards are dressed in top hats and riding breeches and bold muskets in their hands. In a country that has never fought a conventional international war, you need to delve into history to catch a glimpse of the military psyche.

In 1807, a British attempt to recover a city which commercial interests had led it to believe was half Britain's was temporarily shattered when troops led by General John Whitlock were ignobly routed in the streets of Buenos Aires by a poorly-armed and outnumbered local militia. Much of the damage was done by fanatical housewives who poured boiling water from their balconies over the heads of the invaders.

Any confrontation now between the two countries is likely to be a great deal more complex. But some of the attitudes that underlie current Argentine military thinking and which could motivate Buenos Aires to move beyond the brink are strikingly similar.

The ghost of Whitlock has been invoked and Britain has been cast in the role of colonial aggressor. Argentine military preparations have been justified as the legitimate defence against an external threat to national territory.

Public opinion has warmed to the fact that the occupation of the Falkland Islands was carried out with an absence of violence from the Argentine side. Indeed, while British Marines shot to kill, Argentine soldiers stuck to their specific instructions to shoot into the air.

The colonial argument has now been taken to the Organisation of American States in a further attempt to repeat history. In 1807 the thwarting of the British troops was one of the sparks that lit the flame of the Latin American War of Independence.

In 1982, however, such sentiments remain Utopian, given the huge regional differences that exist within Latin America, the diverse political and economic philosophies that exist within individual countries and their inter-dependence on Western trade and influence. Within the Argentine armed forces it smacks more of diplomatic opportunism than any real perception of a global role, although some nationalist officers take it seriously enough.

In its search for a national identity this country of immigrants remains as fanatical as it was over 150 years ago. Today, as then, the men under arms are acutely aware that the occupation of the Falklands has forged an unprecedented unity in a country characterised by the divisiveness of it political and economic system.

Any doubts the junta might have had about popular commitment to Argentina's claim to the islands have been dispelled by two mass rallies and a daily ritual of public statements of support from a wide political spectrum. This ranges from fascist politicians and conservative bishops, to left-wing trade unionists and human rights activists. The minority in dissent has been successfully squashed by a barrage of media coverage.

But popular support has not been simply the creation of propaganda. A week before the Falklands invasion thousands of Argentines demonstrated on the streets of Buenos Aires against the Government's authoritarian rule and economic policies in open defiance of the state of siege. Argentines would no doubt do so again were they to consider that the military was taking them for a ride.

The fervour which characterised the aftermath of the invasion has now given way to a more sombre mood and growing tension. Public opinion has woken up to the very real possibility of war. But the military, on the whole, remains convinced that it still has most Argentines behind it.

"If Mrs Thatcher thinks she can scare us into submission she's got us wrong. And getting us wrong would lose her the war," commented Admiral Fernando Milia, one of Argentina's leading strategists.

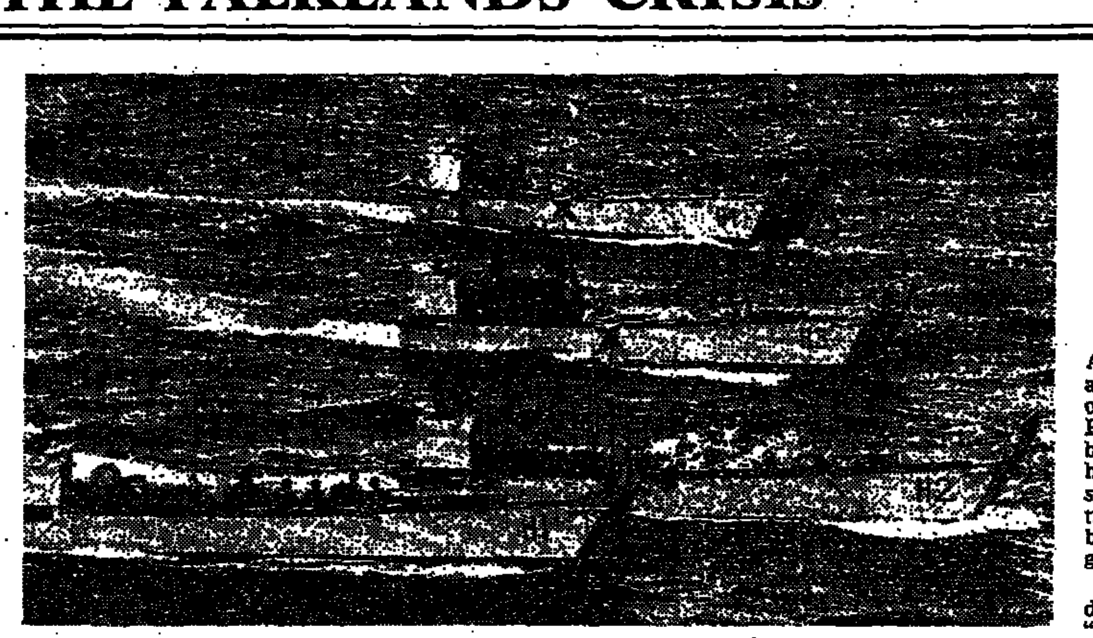
From an Argentine perspective the image of the British task force as a gallant crusader coming to the rescue of a besieged island population holds little water. "This is fundamentally a prestige war," said one military officer suggesting that Mrs Thatcher was more concerned about staying in power than about the well-being of the Falkland Islanders.

There may be enough reasons for the Argentine military to opt for a confrontation with Britain, but not all officers agree it is inevitable, let alone welcome. Exact details of Mr Haig's latest round of negotiations in Buenos Aires are still the subject of much conjecture, but it is certain that U.S. pressure centred on an issue which Washington believes is close to the heart of an influential sector of the Argentine military, including Gen Leopoldo Galtieri.

The U.S. has tried to impress on the junta that both sides must pull back from a war which would threaten not only Britain's Nato commitment within Europe, but also regional stability in the south Atlantic. In Buenos Aires the U.S. raised the prospect of two severely weakened allies and the subsequent exploitation of the situation by the Soviet Union.

Military officers admit that such an argument has undoubtedly produced a measure of flexibility from the Argentine side, such as the offer of a transition period leading to further talks about sovereignty, rather than insistence on an immediate de jure recognition of the claim by Britain.

"Don't forget that we have lost more lives than any other South American country in the fight against communism. We're hardly going to let the Soviets in through the back door on account of the Malvinas," said one officer.



Landing craft from HMS Hermes exercise in the Atlantic

Pessimism grows in Argentina

By Andrew Whitley in Buenos Aires

ARGENTINA'S INSISTENCE on a final transfer of sovereignty over the Falkland Islands from Britain by the end of December is considered by observers here to be the principal stumbling block in the protracted indirect negotiations being conducted through the good offices of the U.S.

At the end of what has been described in Buenos Aires as "the first phase of the negotiations," there is an unofficial consensus that any departure from this position by Argentina could lead to the collapse of the present military Government led by Gen Leopoldo Galtieri.

Mrs Margaret Thatcher's critical first reaction to the outcome of the Haig mission, transmitted to London on Monday, has added to the new wave of pessimism settling over the country, following hopes of a decisive breakthrough.

The pro-Government La Nacion daily yesterday quoted a "high Government source" as saying that Argentina was prepared to accept dual administration of the islands, shared equally with Britain, provided London gave prior and explicit recognition of Argentina's right to sovereignty.

This was said to have been rejected by Mr Haig on behalf of Britain.

The source is reported as saying that the situation was so grave that a peaceful settlement only appeared possible through the loss of Argentine sovereignty over the Falklands, and at a high political cost domestically.

The mass-circulation daily Clarin, which has been usually well informed throughout the crisis, says the U.S. Secretary of State agreed reluctantly to transmit to London Argentina's insistence that the transition period would have to expire by the end of the year, but that he would not incorporate the proposal into his plans.

According to Clarin, Mr Haig left with a five-point plan. On the sensitive issue of which flag would fly over the island, it was agreed that there would be three — those of Britain and Argentina over the governors' house, and that of the U.S. over the house of the American representative, there to act as guarantor of the agreement.

Japan acts unofficially on credits

By Richard C. Hanson in Tokyo

JAPAN has unofficially suspended new commitments for export credits and other commercial loans to Argentina as a "temporary phenomenon" apparently aimed at supporting the UK position in the Falkland Islands dispute.

The halt in credits could become more specific if Argentina does not withdraw its troops from the islands for a long period. For the time being, however, the Japanese Government is unwilling to make public such a sanction for fear of "discrimination" by Argentina against the substantial Japanese assets (mostly loans) in that country. The suspension can, in any case, be interrupted as a prudent step on the part of private bankers.

British journalists were told yesterday that the Japanese Government is trying, within limits, to act in step with others on the three major requests for support from the British Government: an arms embargo, suspension of imports and a freeze on credits.

Japan is not an arms exporter, and feels it cannot, under treaty obligations (both the General Agreement on Tariffs and Trade and a bilateral trade agreement with Argentina) suspend imports from Argentina. The Foreign Ministry believes, however, that by quietly holding back on loans, it is doing as much as the credit front as Britain's European allies.

Although Japan is not making a "direct" response, the Foreign Ministry apparently hopes that Argentina will take its views more seriously. Japan has publicly asked Argentina to withdraw promptly from the Falkland Islands.

Islands crisis analysed

A 48-PAGE guide to the Falkland Islands crisis has been published by the Royal Institute of International Affairs. Entitled The Falkland Islands Dispute: International Dimensions, the pamphlet consists of essays by academics and foreign affairs specialists. It is available from Chatham House, 10 St James's Square, London, SW1, price £2.75.

EEC ministers urge Haig to continue peace shuttle

BY JOHN WYLES IN BRUSSELS

EEC FOREIGN Ministers agreed yesterday on the need for Mr. Alexander Haig, U.S. Secretary of State ton continue his efforts to find a peaceful solution to the Falkland Islands crisis, despite British reservations about aspects of his latest settlement proposals.

The strong Community support for Mr Haig's efforts came at the end of a 90-minute meeting in Brussels at which Mr Francis Pym, the British Foreign Secretary, fulsomely expressed the UK's gratitude for the Ten's political and economic support. The EEC agreed last week to impose an import-ban on Argentine products.

Without going into details on the latest Haig proposals, Mr Pym made it clear that the British Government would need to make some counter proposals and that it hoped that Mr Haig would keep on pushing Buenos Aires towards a compromise.

Giving a cautious account of yesterday's ministerial discussions, which were held at British request, Mr Leo Tindemans, the President of the EEC's Council of Ministers, said that the Ten agreed on four conclusions:

● Reaffirmation of their solidarity with the UK in the Falklands crisis;

● Confirmation of the Community's desire for full implementation of UN Security Council resolution 502 calling for the withdrawal of the Argentine forces.

● A declaration calling for a peaceful solution to the crisis.

● "Strong support" for Mr Haig's continuing efforts to encourage a settlement.

The discussion is said to have been low key and to have avoided any talk of the possibility of a military conflict. No criticism of British conduct or objectives was evident.

Before the meeting the British stressed that the UK was prepared to use force against Argentina if diplomatic efforts fail. Mr Pym made no such assertion to his colleagues, and none apparently sought to probe British intentions.

According to Mr Tindemans, there was some discussion as to what might need to be done diplomatically if Mr Haig's efforts fail, but no conclusions were reached. The foreign ministers are to review developments again when they meet in Luxembourg next Monday and Tuesday.

Mr Pym, who is said to have made a good impression at his first EEC ministerial session, emphasised his determination to take part in the negotiations.

Fears grow as budget debate draws to end

BY ANATOLE KALETSKY IN WASHINGTON

FEARS OF a loss of direction in economic policy and of continuing demoralisation for financial markets grew in Washington yesterday as the long-running debate on the U.S. Government's 1983 budget entered its final session.

White House officials and Congressional leaders have been seeking a new budget programme to replace the one proposed by President Ronald Reagan in February, which is now seen universally as a dead letter.

Both Republican and Democratic Congressional leaders have warned that they will present their own tax and spending legislation directly to Congress unless a compromise with the President can be worked out in the negotiating session which began yesterday.

The effect of such moves, according to Mr Howard Baker, Senate Republican leader would be a "chaotic" debate on economic policy, with the two Houses of Congress probably adopting opposing measures.

A stalemate on changes of tax and public spending policies would produce a 1983 deficit of around $180bn (£100bn). This compares with a deficit of $91.5bn, which has since been revised to $101.9bn, as proposed in President Reagan's budget.

A major reason for opposition to President Reagan's original budget was that such deficits were regarded as excessive.

The best outcome now being expected would be a deficit of about $100bn, even on the assumption of close co-operation between the President and both parties in Congress.

The Brooklands Institution, the leading liberal economic research foundation, yesterday said the U.S. economy would go through a series of recessions and aborted recoveries unless there was a change in both the budgetary stance and in monetary policy.

These, it said, are on "a collision course," and it urged a compromise whereby the Fed would loosen its monetary targets in exchange for Congressional action to reduce deficits, which would calm inflationary fears in the financial fears in the financial markets.

The main feature of any compromise that is likely to prove unacceptable to President Reagan would be proposals for increasing taxes and cutting defence spending.

The Congressional Democrats, on the other hand, are unlikely to accept cuts in social security pensions and other social programes

Salvador 'massacre' investigated by U.S.

By Our Washington Correspondent

THE U.S. embassy in El Salvador is investigating an alleged massacre of 48 unarmed peasants by Salvadorean soldiers. The killings, which are reported to have taken place on Sunday at a place which had been used by guerrillas, could further undermine the fragile credibility of U.S. foreign policy in Central America.

Attention in the U.S. is at present focused on the Falkland Islands, but interest in El Salvador, Guatemala and Nicaragua is likely to revive as Congress reassembles and a new right-wing Government in El Salvador, takes shape, probably with only token representation of the moderate Christian Democrat Party.

Leaks from the State Department in recent days have suggested that the U.S. is deliberately stalling on its offer to enter into negotiations with Nicaragua's on reducing tensions in the region. The Administration appears to have been taken by surprise by Nicaragua's willingness to start talking on a nine-point plan to normalise relations with the U.S.

The State Department is thought to believe that Nicaragua's position can be weakened further if the U.S. plays for time while quietly encouraging anti-Government forces both within and outside Nicaragua.

Once attention moves away from the Falklands, particularly if the U.S. is forced to abandon its even-handedness Congress is likely to mount renewed pressure on the Administration to reconsider its policies in Central America.

Family incomes unchanged over ten-year period

BY PAUL BETTS IN NEW YORK

PEOPLE in the U.S. may have enjoyed a general increase in their standard of living and in the level of education during the past decade, but slow economic growth has led to little, if any, improvement in family income and poverty.

This is the broad picture which emerges from the findings of the 1980 U.S. census just released by the census bureau. The study—"a snapshot of the country," according to Mr Bruce Chapman, the bureau's director —was based on a form filled out by one in every five U.S. citizens.

It confirms many trends which have been increasingly evident in recent years including a migration from the Northeast and Middle West to the South and West, a dramatic reduction in the size of households, a marked change in the pattern of home-ownership, and a significant expansion in the workforce with women accounting for most of the increase.

The most remarkable finding is that for the first time in the country's history more than half the citizens over 25 had completed at least four years' high school education.

Most encouraging was the sharp rise in the level of education among blacks. Only 20 per cent of blacks had finished high school in 1960. In 1970 the figure rose to 34 per cent. By 1980, the figure had grown to 50.6 per cent.

The overall population rose to 226.5m in 1980 from 203m in 1970. This was made up of 189m whites, 26.5m blacks, 3.7m Asians and 7.2m Eskimos, Indians and others.

The civilian work force rose from 80m in 1970 to 104.5m by 1980. The increase in the number of women was 44.6 per cent compared with 20 per cent for men.

Despite general improvements in the standard of living, including a sharp rise in the use of air conditioning by households, family income remained flat during the 10-year period after adjustments for inflation. There was no significant change in median household income which was $16,830 by the end of the decade.

Real per capita income, however, rose 18 per cent to $7,313. But households by the end of the decade were much smaller with fewer children and more people living alone. Smaller households are more expensive to maintain per person, thus census officials claimed the gain in per capita income was, in real terms, very small.

Reflecting the country's low level of growth, 12.5 per cent of citizens lived in poverty. This is about one in eight. The definition of poverty, now under scrutiny, is based on income of $7,400 for a family of four. A decade earlier, 13.7 per cent of citizens lived in poverty.

The poverty figure for whites was 9.4 per cent, for blacks 30.2 per cent, and for Hispanics 23.8

Arms sales of $30bn reported

By Our Washington Correspondent

THE U.S. has committed itself to $30bn worth of overseas arms sales this year, according to a report published yesterday by the Centre for Defence Information, and independent Washington research group. This compares with the Administration's own statement that arms sales for the 1982 fiscal year will be $10bn.

The difference is due to the fact the official figures include only actual deliveries and not commitments which have been approved. The figure of $30bn far exceeds Soviet arms sales and is significantly more in real terms than the $17bn record set by the Ford Administration in 1975.

The biggest arms commitments are the record $8.5bn sale of Airborne Warning and Control Systems (Awacs) and F-15 modifications to Saudi Arabia and the $3bn commitment to Egypt and Israel, of which $1.7bn will go to Israel and $1.3bn to Egypt.

Cuban code aims to woo foreign investors

BY CANUTE JAMES IN KINGSTON

THE CUBAN government has started to open the door slightly of its hitherto closed economy to foreign investors. A new investment code is offering potential investors joint ventures with Cuban state agencies, and a range of incentives not unlike those offered by other developing countries seeking to attract foreign capital.

According to information from the Cuban Chamber of Commerce which has been made available here, the new foreign investment law offers potential investors up to a 49 per cent share in joint ventures. This level can be raised in special cases subject to approval by the Cuban government.

Investors are promised freedom in selecting their directors and managers, setting their prices and exporting and importing according to their needs.

Potential investors have also been promised unhindered repatriation of profits and dividends, and the law stipulates that taxes to the Cuban government are not to be higher than 30 per cent of companies' net annual profits from their operations in Cuba.

The U.S. Government has banned business and pleasure travel to Cuba in an effort to limit the flow of dollars to that country, Reuter reports from Washington. "Cuba will not be allowed to earn hard currency from tourist and business travel when it is sponsoring armed violence against our friends and allies," Mr John Walker assistant Treasury Secretary, said.

The ban, which will take effect on May 15, does not apply to Americans who wish to visit close relatives living in Cuba. About 40 per cent of all travel from the U.S. to Cuba last year fell into that category, Mr Walker said.

The new restrictions are almost identical to those in effect from 1963 until 1977, when President Carter liberalised travel policy

Some companies, possibly those involved in the tourist trade, will be exempt from these taxes, as well as from import duties, and will be able to import whatever managerial and technical skills they need.

Cuban workers who are needed will be allowed to work for joint ventures, but the companies will be asked to pay national insurance to the government, equivalent to 25 per cent of the salary of the local staff. The Cuban Government is demanding parity in salaries of Cuban and foreign executives.

The efforts to attract foreign investors follow a shift in economic emphasis by the Cuban Government, started five years ago, to increase the level of its trade with market economics, and reduce its dependence on the members of the Council for Mutual Economic Assistance (Comecon).

It was as a consequence of this shift that Cuba's trade with the West in 1980 showed a surplus of $520m. But 73 per cent of the island's trade is still with the Eastern bloc, and the positive benefits of trade with the West were wiped out by a deficit of $880m on trade with Comecon in 1980.

The new investment code is also likely to be conceived as one means of dealing with several immediate problems in the economy, including a shortage of hard currency. The sugar industry, for example, which is the foundation of the Cuban economy, appears likely to yield 7.9m tonnes this year, slightly up on last year. But Cuba's projected earnings have been hit by falling prices.

The Cuban Government is also apparently hoping that the jobs created will help to reduce what has been admitted to be a high level of disguised unemployment in the island.

Cuba has been trying for several years to get foreign companies interested in tourism. The government's intention is partly to rebuild Cuba's pre-revolutionary image as the Caribbean's leading tourist resort.

The government is in the middle of a major programme of rehabilitating existing hotels and building 30 new hotels to bring the island's capacity to 20,200 rooms. Partners are being sought for building and running the new hotels and bankers here have said this is one area in which the Cuban government may be willing to raise the equity level of foreign concerns above 49 per cent.

The Cuban government has set the ball rolling in the Cayo Largo area, where it recently opened a new hotel.

The government also has major plans for developing and expanding other areas of the economy. Many of these plans have been gathering dust in ministry offices because of a lack of funds and expertise; investors indicating an interest may be shown them.

These plans include efforts to raise nickel production by 250 per cent above last year's 38,000 tonnes and to increase citrus exports. There are also plans for machinery for the sugar industry and motor vehicle assembly. Growing indications of oil fields have also lead the Havana government to seek partners for exploration and exploitation.

The Cuban government could reasonably expect some interest from Canadian concerns and possibly from Western Europe and Latin America.

Resignations clear way for Chilean shuffle

BY MARY HELEN SPOONER IN SANTIAGO

ALL MEMBERS of Chile's Cabinet has submitted their resignations to allow General Augusto Pinochet, the country's ruler to carry out a reshuffle.

A Government statement said the changes would not involve any modifications of the Pinochet regime's free market economic policies or Chile's controversial exchange rate.

The Chilean peso was set at 39 to the dollar in mid-1979. Chilean officials have insisted repeatedly that no devaluation is under consideration.

The communique made indirect references to the Falkland Islands crisis, the brutal murder of a dissident trade union leader two months ago and a recent scandal involving members of Chile's military police force, the Carabineros, who were linked to a series of murders in the coastal resort of Vina del Mar.

The statement cited "problems of co-ordination among security agencies" and "an international situation that is conflict ridden, both in the economic as well as in the political arena." It said the situation "has been used once again by Marxism . . . in an effort to undermine the military government."

General Pinochet periodically requests his Ministers and other Cabinet level officials to submit their resignations prior to announcing new appointments or replacements. He then rejects the resignations of those who are to remain in their posts.

Most Cabinet changes in the past have taken place at the end of the year. In December General Pinochet replaced two civilian members of his economic team, the Planning Minister, Sr Alvaro Donoso and the Mines Minister, Sr Jose Pinera, and appointed military officers in their places.

The latest resignations have spurred speculation that authorities investigating the trade unionist's death or the Vina del Mar murders have uncovered evidence potentially embarrassing to the regime. In both instances the Government had promised a full investigation, and punishment of the guilty.

Gen Pinochet: no change expected in economic policy

Indonesia to enter $1bn joint venture in petrochemicals

BY RICHARD COWPER IN JAKARTA

INDONESIA is to enter a $1bn (£555m) joint venture with U.S. and Japanese petrochemical concerns to design, build and manage a large part of an Olefins petrochemical complex.

The contract was signed yesterday by Pertamina, the state-owned oil company, and Exxon Chemical of the U.S. and Tonen Petrochemical (TSK) of Japan. The plant they are to build is to be set up at Arun in North Sumatra. It will be the second stage of a $2bn, three-stage complex.

The joint venture will be 45 per cent owned by Exxon Chemical, 40 per cent by Pertamina and 15 per cent by TSK, a subsidiary of Toa Nenryokogyo—a Japanese company 25 per cent owned by Exxon, 25 per cent by Mobil and 50 per cent by the Japanese public.

The three partners will construct and operate three major plants, a 350,000 tonne ethane cracker, a 125,000 tonne low density polyethylene plant and a 70,000 tonne high density polyethylene plant.

Pertamina plans to own and operate the first stage of the complex, which involves the construction of an ethane extraction unit designed to produce ethane from natural gas.

The state oil company is reviewing bids from some 12 contractors, including Davy McKee of the UK. The plant is expected to cost upwards of $200m. Pertamina says a decision is expected to be made in June.

The signing comes just two months after Pertamina concluded a contract with Thyssen Rheinstal GmbH of West Germany and Kellogg Overseas of the U.S. to design, engineer and operate a $1.6bn aromatics petrochemicals complex in south Sumatra.

Construction is expected to start next year and should be completed by the end of 1987, with the plants coming on stream by 1988.

The Indonesian Government is also negotiating with two Japanese companies, Asahi Chemicals, an independent concern, and Asahi Glass, a subsidiary of Mitsui, for the third stage of the Olefins complex.

This downstream section of the plant, expected to cost in the region of $400m, will involve the construction of a 270,000-tonne vinylchloride monomer plant and a chlor alkali plant.

This part of the complex was originally expected to be a joint venture between Petrochimia Gresik, a state-owned petrochemical company, and one of the two Japanese contestants.

But the Indonesian Government is now thought to be considering the possibility of turning it over to a wholly privately-owned domestic company.

U.S. to buy four British airliners

By Michael Donne, Aerospace Correspondent

AIR WISCONSIN, a leading U.S. regional airline, has arranged a $56m (£31m) credit with a group of banks for the purchase of four British Aerospace BAe 146 Series 200 four-jet airliners, for delivery in March next year.

The credit is supported substantially by the UK Export Credits Guarantee Department. Continental Illinois, the merchant banking subsidiary of Continental Illinois Corporation, arranged and is agent for the credit.

Banks participating, in addition to Continental Illinois National Bank and Trust Company of Chicago, are Barclays Bank International, Chase Manhattan Bank NA, The First National Bank of Boston, The First Wisconsin National Bank of Milwaukee, Fort Wayne National Bank, First National Bank of Appleton and Valley Bank of Appleton.

The contract for the aircraft was signed last May, and is worth about $70m. The balance of the cash will be met by Air Wisconsin from its own resources.

● Plessey Airports, part of the Plessey Group, has won a further £5m contract from the United Republic of Cameroon, for work on the Garoua airport.

French trade and the old itch of protectionism

BY DAVID HOUSEGO IN PARIS

PROTECTIONISM, LIKE adultery, is not a thing to proclaim in advance.

At the end of last year France's well publicised plans to hold imports through a "reconquest of the domestic market" resulted in a sharp protest from France's European partners worried by the threat of increased restrictions on the flow of EEC goods into Fance.

Since then President Mitterrand's administration has been anxious to avoid provoking fresh charges of protectionism. M Pierre Mauroy, the Prime Minister, recently said France had no intention of closing its frontiers and that the Government's main concern was to maintain a French presence in all sectors of industry.

But since the Socialists took power last year there have undoubtedly been changes in French trade policy. M Raymond Barre, the former Prime Minister, was an aggressive free marketeer who tolerated restrictions on competition as a relic of Frence's past. Even so, he was something of a lone crusader in an administration which broadly believed that vulnerable industries needed temporary assistance to give them time to adjust and which was tight-fisted over letting foreign investors into the French market.

M Pierre Mauroy's administration has reverted to the more traditional French view—and one gaining ground elsewhere in Europe—that unrestrained competition risks the destruction of whole industries and unacceptably high regional pockets of unemployment. French-made motor cycles and photographic equipment have disappeared from the market. The Socialists fear that French textiles, leather goods, machine tools and some household electronic goods risk following a similar path unless restructuring is accompanied by a respite from the aggressive competition of East Europe, the Far East and Japan.

As restructuring in many industries—and particularly in high technology sectors—requires more than a national market, the French want action on a European level. Hence the pleasure recently in Paris that the communique of the Brussels European Commission warned the Japanese that they must run an economic and trading policy more compatible with that of other industrialised nations. The matter was one of the many points raised during President Francois Mitterrand's visit to Japan last week.

The other pressure reinforcing old protectionist itches in France is the widening of the French trade deficit. M Barre's priority was the rapid expansion of French exports which in volume terms grew at an annual average of 6.5 per cent a year from 1976-81.

The Socialists have been unlucky to have taken over at a time when French exports are slowing both because of world recession and the economic difficulties of France's two fastest growing markets—the Opec and Comecon nations. "Now," says an official at the Ministry of External Trade, "we must get to know our imports better—what they are and where htey come from."

In practice the Government is finding little scope for cutting imports because of the increased importance of trade in French economic growth and because France's close interdependence with her trading partners leaves it open to reprisals.

Exports have climbed to 27 per cent of GDP and imports to 26 per cent. Nearly 50 per cent of French exports are absorbed by the EEC and 68 per cent by the industrialised nations of the Organisation for Economic Co-operation and Development.

The key figures that worry French officials are:

● The French trade deficit is now expanding at an annual rate of about FFr 80bn (£8bn) as against a level of FFr 50bn last autumn.

● France's deficit with the EEC has risen almost fivefold since 1979 to FFr 30.3bn in 1981 confirming official fears of a loss of competitiveness by French industry. With West Germany the deficit has grown from FFr 11.1bn in 1979 to FFr 22.7bn last year.

● Imports as a share of the domestic market for industrial products have risen from 22 per cent in 1978 to 28 per cent last year. Import penetration is still increasing.

In an internal commentary on the 1981 trade statistics, the Trade Ministry spoke of the need to contain imports while boosting exports. On imports, the Ministry proposed stronger controls against dumping, against financial aid and subsidies provided to foreign manufacturers, and against the abuse of EEC markets.

M Michel Jobert, the Trade Minister, is attempting to put some of these recommendations into action. He is setting up within his Department a new unit to monitor more closely the flow of imports into France and help reduce those thought unnecessary.

He has proposed creation of a commission to hear industry's complaints against unfair competition, and he is pressing the EEC to adopt new machinery to counter import surges and dumping.

The European Commission has found that five sectoral plans so far proposed by the Government for reorganising industries as part of the "reconquest of the domestic market."

In machine tools the target is to reduce imports from 60 to 30 per cent of all sold in France: in furniture from 20-15 per cent: and in shoes from 25 to 10 per cent.

In machine tools, the programme is being held up in part by the failure of education institutes to place new orders for French-made hardware. The toy industry equally has run into resistance from wholesalers and retailers. The furniture industry, which has reached agreement on raising funds to promote innovation, says it has signed agreements "to buy French" with only a few major retailers.

In line with similar measures taken by its predecessors the new administration has continued to take action against "sensitive" imports. It has reduced hte quota on Japanese TVs to 84,000 this year from 88,000 last year. It has imposed fresh quotas on Hong Kong watches—which are being challenged by the Hong Kong authorities. It continues to use the time-honoured devices of customs approval requirements to delay the import of Italian pullovers, cars (Japanese cars are restricted to 3 per cent of the French market) and machine tools.

The State-dominated health service will be encouraged to make its purchases both of medical equipment and of drugs from French manufacturers.

The Government has generally been more willing than its predecessor to open the French domestic market to foreign investors, but it vigorously opposes Japanese companies investing in EEC States as a way of establishing a foothold for export elsewhere in the Community.

Should the trade deficit grow worse or unemployment continue at high levels, French pressure for tough action against competition from Japan and elsewhere in the Far East is bound to grow.

President Mitterrand (left): anxious to avoid charges and Premier Mauroy: no intention of closing frontiers

S. African power station plant in demand

BY BERNARD SIMON IN JOHANNESBURG

A SPATE of big orders for power station equipment has recently illustrated the extent to which the benefits of doing business with South Africa frequently seem to outweigh political pressures on foreign companies to loosen commercial links with that country.

Escom, the state-owned electricity utility, is one of the world's biggest customers for power station equipment. In the past two years it has ordered more generating plant than all the utilities in the U.S. combined. This week it issued a letter of intent to the British engineering company GEC for six 600 MW turbine generators.

With a price of over R450m (£250m) the contract represents the company's biggest order, and brings GEC's business with Escom over the past seven years to well over R1bn.

The power station for which the GEC turbines will be built, known as Station D, is the fifth 3,600 MW coal-fired plant unveiled by Escom in the last two years. In addition, construction will start soon on a sixth station with a similar generating capacity.

These six projects, as well as the country's first nuclear power station now nearing completion north of Cape Town and a new 400 MW pump storage scheme also in the Western Cape, will almost double Escom's generating capacity to around 40,000 MW over the next decade, an average annual increase of 6.9 per cent.

Long-range projections indicate that capacity will have to be raised by another 40,000 MW during the 1990s. Electricity sales are currently growing by more than 7 per cent a year.

The rapid growth of the South African economy in recent years is one reason for the spate of power stations. Furthermore, electricity's share of total energy consumption is rising fast—from 10 per cent to 20 per cent in the last three decades.

Recent disruptions in supplies from the Cabora Bassa hydro-electric project in Mozambique, which accounted for about 8 per cent of Escom's total capacity, have increased the urgency of bringing power stations on stream.

The total cost of the six power stations on the drawing boards is about R12bn, a useful sum for suppliers, whose orders from utilities in many other parts of the world have shrunk markedly in recent years.

Escom has had no shortage of tenderers for its contracts, particularly the large orders for boilers—with an average value of R700m for each power station—and turbine generators.

Nine U.S., European and Japanese companies, including Brown Boveri, Westinghouse, General Electric, MAN and Alsthom Atlantique, tendered for the turbine contract for the Khutala power station, which was awarded last January to Kraftwerke-Union, a subsidiary of Siemens of West Germany.

Boiler and generator contracts for four of the six new power stations have already been decided.

Escom has spread its favours around. Among the turbine suppliers, a MAN-Alsthom Atlantique consortium and GEC each have orders for two power stations—including the latest letter of intent—and KWU for one.

Boiler orders have gone to L. and C. Steinmuller of West Germany, a West German-French consortium of Stein Industrie and EVT, Babcock Engineering of Britain and Combustion Engineering of the U.S.

The Combustion Engineering contract was the first major Escom order in several years to a U.S. company, and has been interpreted widely as an indication of the increasingly close political and commercial ties between South Africa and the U.S.

A British company—NEI—will also benefit handsomely from the Combustion Engineering contract. Under a licensing agreement, NEI is manufacturing a considerable portion of the equipment at its plants in Britain and South Africa.

GEC's turbine generator order is by no means its only business with Escom. Mr Tony Charles, the company's chief executive in South Africa, says GEC has also supplied motors, switchgear and transformers.

"Escom is one of our major customers," Mr Charles says. GEC intends to tender for the turbine order for the sixth power station, but chances are that the next contract will go to one of its competitors.

Concern in France over Somali deal

By Terry Dodsworth and David White in Paris

FRENCH state-controlled telecommunications interests are worried that Italian competitors may seek to take at least part of a contract they have concluded with Somalia for a ready-made telephone network.

A FFr 450m (£40m) deal was signed earlier this year between a consortium of French companies and the Somali Government, according to CIT-Alcatel, communications branch of the nationalised CGE group.

The agreement, which covers two electronic exchanges, nationwide cable links and microwave installations, had not been officially announced, pending final settlement of the accompanying financial package.

The consortium also includes CGE's cable subsidiary Cables de Lyon and Thomson-CSF, which would supply the microwave equipment.

It had been hoped that the deal would be finalised when President Siad Barre of Somalia visited France recently. But the Italian company Italcable, part of the state IRI empire, is understood to have put up rival proposals, involving in particular the cable network which accounts for a large part of the overall investment.

CIT-Alcatel, which leads the French consortium and is due to supply two of its E10 digital exchanges, confirmed that some financing remained to be fixed up. About two-thirds of the total is expected to be covered by financing arranged separately by the Somali authorities, drawing on Arab funds. The Somalis are looking to the French Government to provide the rest.

A large part of the country's current telephone equipment was Italian-supplied.

The new system is due to have an initial capacity of 45,000 lines, with provision for expansion to 100,000 lines within five to six years.

The French telecommunications companies, under some pressure at present to maintain employment, say that the cable side of the deal would guarantee about 1,000 jobs at Cables de Lyon over a period of about a year.

Japan leases Boeing 747 to Air France

TOKYO—Two Japanese companies have arranged the leasing of a Boeing 747 airliner to Air France, an official for the company said.

The Japan Leasing Corporation and the Tokyo Leasing Company sold the airliner to the leasing department of Manufacturers Hanover Trust of the U.S. for Y30bn (£68m), with 35 per cent down-payment and the rest to be met by instalments over 18 years.

The airliner was then leased to Air France through the Bank of New York, which acted as trustee owner.

The arrangement was made in this fashion because Air France has yen income and could avert exchange-rate fluctuation risk, the official said.

Reuter

ENERGY REVIEW

High oil and gas stakes in Atlantic Canada

By Paul Betts in New York

A SHORT 18 months ago, the Atlantic coast of Canada seemed poised to become a new North Sea. A boom atmosphere swept across the Atlantic provinces of Newfoundland and Nova Scotia, historic Canadian "have not" provinces which suddenly found themselves on the verge of an imminent oil and gas bonanza. The stock prices of the major oil companies in the area, especially Mobil, the key player in the Canadian East Coast, were shooting up fuelled by the traditional speculative frenzy caused by any major discovery.

The overall outlook of large offshore oil and gas reserves in the waters off Newfoundland and Nova Scotia ranging from 10bn to 26bn barrels has not changed. But the prevailing mood of optimism and excitement has disappeared. In all the local pubs and drinking houses—of which there are a great many—the regulars keep asking over and over again the same old question. "When is this oil thing going to happen?"

A complex combination of peculiar factors has now placed a major question mark on the timing of the development of Canada's promising Atlantic offshore resources. Political squabbles between the provinces and the Federal Government are discouraging the oil companies to press ahead with the $4bn to $5bn spending necessary to develop the oil fields in the Grand Banks off Newfoundland and the $2bn to $3bn needed for the Sable Island gas fields in the waters off the eastern extremity of Nova Scotia. Even more discouraging have been Ottawa's national energy policies designed to bring all the country's natural resources under Canadian control by the end of the decade. And all this has happened at a time of turmoil in the international oil market where declining demand and falling oil prices have put the squeeze on oil company spending and cash flows.

The picture for Atlantic Canada looked particularly bleak by last summer. Exploration activity had slowed down to a small trickle, especially off Nova Scotia whose gas is perceived as less valuable than the oil off Newfoundland.

In these circumstances, it is hardly surprising that the speculators have lost, for the time being at least, interest in the Canadian Atlanic offshore oil and gas play. Mobil's share price on the New Yorw Stock Exchange, for example, has dropped by more than 40 per cent since its highs just over a year ago. More significantly, the provinces and indeed Ottawa are beginning to get worried.

For the two Atlantic provinces the stakes are extremely high. For the past few years, they have been betting on oil and gas for their future economic prosperity. But it is not just a question of revenues from the offshore resources. The provinces see themselves becoming major oil service centres not only for the offshore activity in the Atlantic but also for the oil and gas in Arctic Canada and the Beaufort Sea.

Indeed, the two provinces have been competing to establish themselves as the predominant oil industry centre for the region. And in the last few weeks, Nova Scotia appears to have won the edge over Newfoundland.

The province last month finally settled its dispute with Ottawa over jurisdiction in the Scotian Shelf.

After years of haggling, Nova Scotia agreed to give the Federal Government ultimate authority in the management of its offshore resources in return for the lion's share of oil and gas revenues. Although the agreement left unsettled the thorny question of who technically owns the offshore resources, it ended the uncertainty about who controls the offshore industry. Moreover, the agreement has been structured over 42 years.

The agreement goes a long way to clear the anxieties of oil companies operating in the area. But as one American oil company warned, the agreement still leaves unanswered the one thing oil companies want to know—a precise definition of the price and return oil companies can expect from development and production of the gas resources.

Since the agreement was signed between the province and the Federal Government, offshore activity has been picking up again. Mobil has just brought into the area the Zapata Scotian, the world's largest jack-up rig designed to work the shallow water around Sable Island with the capacity to drill and complete holes t o18,000 ft. Mobil has also indicated that it is very encouraged by its Venture gas field as Sable Island which, subject to acceptable pricing arrangements from the Canadian and provincial government, is already viewed by many as a viable commercial project.

The sudden urgency displayed by Nova Scotia to settle, after years of faltering negotiations, its offshore dispute with Ottawa was prompted by something more than an effort to revive exploration activity at a time of a general slowdown in the oil industry at large. The province is currently bidding for two so called "megaprojects" which it openly regards as being more important than the gas play.

The projects include Dome Petroleum's proposal to build in Atlantic Canada a huge shipyard to construct a fleet of between 25 and 29 special ice breaking tankers to move oil from Dome's Beaufort Sea field through the Northwest Passage all year round. Dome has already selected three possible sites in Nova Scotia for the shipyard which is estimated to cost more than $300m. But the entire project with the fleet of special tankers taking about 20 years to build would represent a total investment of about $9bn.

The other project is the proposed construction of a gas terminal in Nova Scotia to store liquefied gas shipped by ice-breaking LNG tankers from the Arctic. This would form part of a $2bn Arctic pilot project designed to bring gas from Melville Island to Lower Canada.

Uncertainties, however, abound about these two "megaprojects." Dome itself has some severe financial problems after running up debts of more than $5bn following its acquisition of the Hudson's Bay Oil and Gas Company.

If Nova Soctia has striven to be accommodating with the Federal Government, Newfoundland has continued to dig in its heels. Since the discovery of the Hibernia Oil Field in the Grand Banks, relations between Ottawa and Newfoundland have hit all time lows. Unlike Nova Scotia, Mr Brian Peckford, the abrasive, outspoken Newfoundland premier, has refused to compromise on the issue of ownership of the province's offshore resources.

Only last month, Mr Pickford called provincial elections two years before the end of his term to strengthen his position in his dispute with Ottawa over control of the province's offshore resources. The election on April 6 turned into a resounding triumph for the Premier whose Progressive Conservative Party won 44 of the 52 seats in the provincial legislature representing a gain of 10 seats for his party.

The sharp contrast in the two Atlantic provinces' approach to the offshore issue reflects, in a sense, Newfoundland's stronger overall position. Nova Scotia's gas resources are generally rated to be far less valuable than Newfoundland's oil. As one American oilman put it: "In Peckford's case, you are talking about a really major find of oil. Nova Scotia has gas and there is a surplus of gas in Canada right now."

Indeed, Newfoundland has so far turned up the biggest hit in Atlantic Canada's search for offshore oil and gas. Mr Neil Windsor, Newfoundland's Minister of Development, says four wells in the giant Hibernia oilfield off the Newfoundland coast have now established the existence of 1.8bn barrels of oil and two trillion (million million) cubic ft of natural gas.

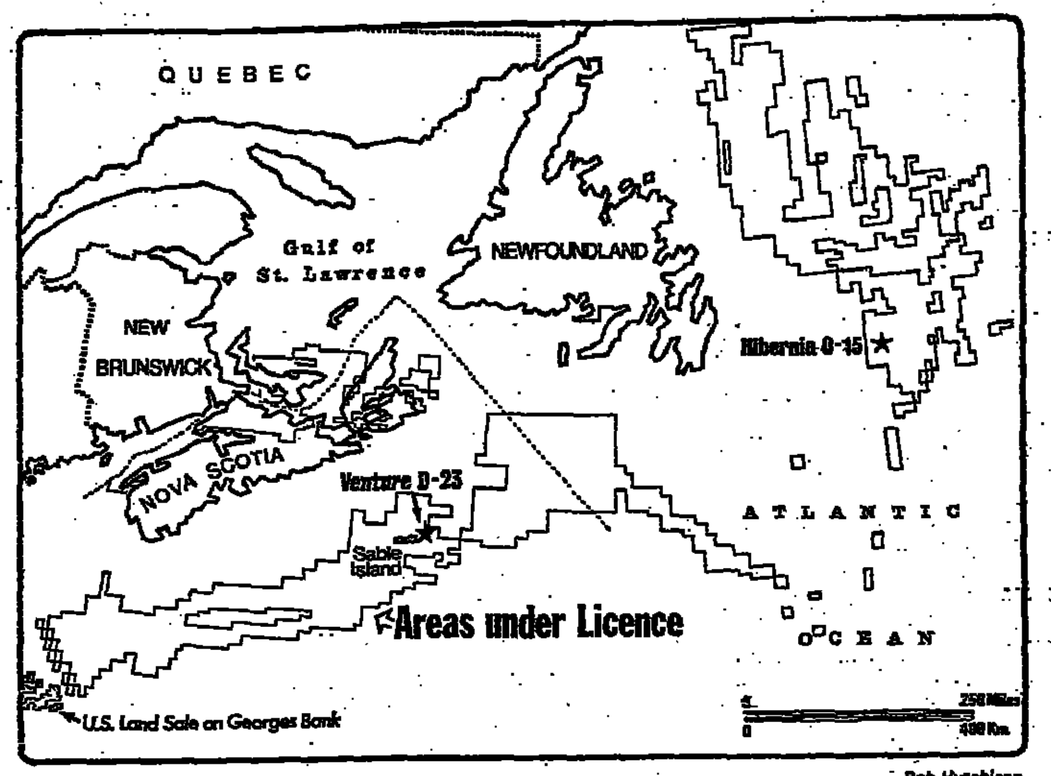
But the American-owned companies involved in Newfoundland, including Mobil, Gulf Canada and Chevron Standard, have all insisted they cannot go ahead with development until the national and provincial governments iron out their differences. This does not seem to concern Mr Peckford. His position is that control of the province's offshore resources is far more important than accelerated development. Some oilmen also regard Mr Peckford's posture as a calculated risk.

But both Nova Scotia and Newfoundland appear to share a common approach to Ottawa's energy policies. While they do not dispute the Federal Government's design to give Canada greater control of its resources and economic future ("you won't find many Canadians disagreeing with Canadianisation," one provincial government official in Nova Scotia said), they do object to the method Ottawa has adopted to implement its policies.

These policies, in the case of the American oil companies, have increased suspicions that the Government is basically seeking, in the words of one U.S. oilman, "to push us out completely and take over the whole darn thing." But he added that the Government at the same time wanted the majors to continue to invest capital in exploration, train the Canadian oil industry, and take many of the risks.

The Atlantic provinces, on the other hand, have continued to be very open to foreign investment. As Mr Neil Windsor, the Newfoundland Development Minister, told U.S. businessmen in Chicago: "We are not paranoid about exploiting this resource and welcome U.S. investment as this is an international discovery." Similar sentiments have been expressed by Nova Scotia which, as Development Deputy Minister James McNiven says, "Recognises that foreign investment has played a big role in the development of the province, far more for that matter than Canadian investment."

But the Federal Government has in recent months been adopting a more accommodating approach to the foreign oil companies. Committed to massive investments in the energy sector as the key stimulant for the country's future growth, the recent dramatic changes in the oil business have clearly worried the Canadian Government. "Yes, they are a bit scared," remarked an American oil executive. "But unfortunately not yet scared enough."



Bob Hutchison

COMPANY NOTICES

INTERCOM

SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE
Société Anonyme
Place du Trône 1, Brussels, Belgium

The Board of Directors have decided on April 9th, 1982 to propose to the annual general meeting, which will be held on May 21st 1982, the payment to the shareholders for the financial year 1981 of an amount of BF 4,697.1 millions, against BF 4,459.3 millions for the financial year 1980; which enables to distribute to the 23,783,010 shares a dividend net of Belgian withholding tax of 20% (précompte mobilier) of BF 158 against BF 150 for the previous financial year.

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N. M. ROTHSCHILD & SONS LIMITED announce that the Coupons due 1st May 1982 from bonds which have been assented in London to the 1968 Offer may now be lodged with them listed on the special forms which can be obtained on application.

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21st April 1982.

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Whitney to become director general of IBA

By Belinda Nenk

Mr John Whitney, managing director of Capital Radio, has been appointed the next Director General of the Independent Broadcasting Authority.

He will succeed Sir Brian Young, who retires in November at the age of 60.

Mr Whitney, 51, has been managing director of Capital Radio since 1973. He made his mark in broadcasting with the formation of Ross Radio Productions, producing radio programmes for Radio Luxembourg and other overseas commercial stations. Since 1980 he has been director of Consolidated Productions.

Lord Thomson of Monifieth, chairman of the IBA said yesterday: "We had a strong field of candidates.

"Our final choice lay with John Whitney: he is one of the leading personalities produced by the independent system of broadcasting and one of the creators of local radio in this country."

Toy group change

Mr Bill Everard has been appointed managing director and chairman designate of Berwick Timpo, the troubled toy manufacturing group.

Mr John Oakley, the group's chairman, will resign at the annual meeting in June, a year earlier than originally planned, to pursue his private interests.

Berwick Timpo made a pre-tax loss of £467,217 for 1981 on sales of £13.23m as the company met poor trading conditions and the pressure from imports.

£15m 'phone order

BRITISH TELECOM has ordered 500,000 electronic push-button telephones, worth about £15m, from the information terminals division of Standard Telephones and Cables. The telephones will be produced at STC's Monkstown factory, near Belfast. It will mean 50 extra jobs.

Housing 'revival'

A MARKED revival in private sector house building during 1982 is being forecast by the National House-Building Council.

The council expects starts on 135,000 homes this year, against 116,500 in 1981. If this projection is fulfilled, it will mean the best year for private house building since 1979.

IMI in titanium move

IMI, the Birmingham-based metals and engineering group, yesterday said that it had been discussing the possibility of co-operating in the manufacture of wrought titanium products with the Cabot Corporation, of Boston, Massachusetts, a leading U.S. producer of strategic metals.

ACC postpones Gill payment decision again

BY JOHN MOORE, CITY CORRESPONDENT

VOTING SHAREHOLDERS of Associated Communications Corporation (ACC), Lord Grade's entertainments empire, yesterday postponed giving their approval to a record golden handshake of £560,000 to Mr Jack Gill, the group's former managing director.

The decision to postpone further consideration of the payment was taken behind closed doors at a meeting which only the voting shareholders of ACC were allowed to attend. Non-voting shareholders, including the Post Office Staff Superannuation Fund, which is seeking to block the payment to Mr Gill through litigation, were excluded.

The decision to exclude the non-voting shareholders from the meeting sparked a major row between Mr Ralph Quartano, chief executive of the fund, and Mr Robert Holmes à Court, the chairman of ACC whose business interests are taking over the entertainments group.

As the row simmered between the Post Office Fund and ACC, Sir David Napley, solicitor for Mr Gill, declared yesterday that he was now considering further legal action following the latest adjournment—the fifth this year—of the meeting to consider the payment to Mr Gill.

"I personally take the view that this is a breach," said Sir David, referring to the latest adjournment, "but the situation is not without its difficulties and we will have to consider the legal position carefully."

The decision, by seven votes to one, to adjourn the meeting means that the question of Mr Gill's compensation will not be considered until either ACC's annual general meeting, set for September 16, or four weeks after the decision of the courts in respect of the litigation launched by the Post Office Fund to block the payment, whichever is earlier.

Late yesterday, Mr Holmes à Court unveiled a boardroom reshuffle. Out of ACC's boardroom, go Lord Grade, who built up the company, Mr Ellis Birk and Mr Norman Collins.

Mr Holmes à Court confirmed himself as chairman. The rest of the board will consist of Sir Michael Clapham, Mr Michael Edwards, Mr George Preston, Mr Burt Reuter and Lord Windlesham. The post of chief executive is to be abolished and Mr Reuter, one of Mr Holmes à Court's aides, is appointed group managing director.

As executive board, chaired by Mr Holmes à Court and responsible for day-to-day management, will consist of Mr Louis Benjamin, until yesterday deputy chairman of ACC, Mr Antony Lucas, Mr L. S. Michael, Mr Reuter, and Mr Derek Williams.

Lord Grade remains executive deputy chairman of ITC Entertainments Inc.,

BACS opens £6m centre for clearing bank transfers

BY WILLIAM HALL, BANKING CORRESPONDENT

A SECOND automated bank clearing centre has been opened, at a cost of £6m.

The centre, in Dunstable, was opened by Bankers Automated Clearing Services (BACS), which operates the world's largest automated clearing house, in North London.

BACS is owned by Britain's clearing banks, and is one of the pioneers of electronic funds transfer in the UK. It processes transactions through powerful computers, which eliminate paperwork in the traditional branch banking system.

BACS has become increasingly important as the big banks work to contain the costs of mounting paperwork.

BACS processed 40.4m items in 1969, rising to 484.8m last year. The work represents 18 per cent of the banking transactions cleared through the British banking system. Volume is forecast to rise to 1.8bn items by 1989, or 40 per cent of total inter-bank transactions.

The Dunstable unit will initially work to ensure continuity of BACS's current operations, but it should eventually become a fully-operational processing centre. It has a computer suite of 15,000 sq ft, which houses an ICL 2966 mainframe computer.

BACS was formed in 1969 and has assumed an important role in accelerating the progress towards the cashless society through electronic funds transfer.

It is playing a leading role in the banks' current campaign for non-cash payment of wages. It has been able, since last month, to accept payment instructions on diskettes and cassettes as well as conventional computer tape. Next year it will be possible for data to be passed directly to telecommunication links.

Standing orders represent the biggest single element of its business

● A committee has been set up to help meet more efficiently and economically the computing needs of the Health Service.

Mr Norman Fowler, Social Services Secretary, has established the NHS Computer Policy Committee, to be chaired by Mr Gordon Roberts RHA.

Hugh Routledge

A NEW technology centre giving small businesses working experience of micro-electronics and business technology is to be opened in Hackney, East London where about half the businesses employ fewer than 10 people.

The venture, to be housed in a 5,000 sq ft former car salesroom and offices in Shoreditch High Street, is being promoted by Hackney borough council with financial support mainly from the Government's Urban Programme.

The City Technology Centre, run by Citytec Hackney Ltd, has been set up by Mr Geoff Walker (above), a senior consultant with ICL, the national computer company. He has been seconded for a year as project co-ordinator.

Short new technology courses will be offered to local businessmen and in the same building an operation called the Business Technology Bureau will offer a battery of micro-computers for hire on an hourly basis.

Mr Walker said: "The intention is that employers gain working experience on the computers and then decide whether or not they would like to purchase one." There is no obligation to do so and computer time will be aivalable to any local company which wants it.

Mr Walker said: "Clients coming in will be in the situation of real business usage which is different from other micro-systems demonstration centres where software is on show."

BNOC heads group in North Sea oil find

BY RAY DAFTER, ENERGY EDITOR

A GROUP of international oil companies, led by British National Oil Corporation, has successfully drilled for oil close to the Thistle Field in the North Sea.

The find improves chances of an area north of Thistle being developed as a new complex of fields.

BNOC, the operators, said yesterday that "good shows" of oil were located in the main target area of reservoir rock, which will be tested later this year.

Meanwhile the well in block 211/18—120 miles east of the Shetlands—has been temporarily plugged.

Tests conducted in a secondary target — a section of Lower Jurassic Statfjord sandstone rock between 12,300 ft and 12,400 ft deep — yielded high quality, light oil with a specific gravity of 41 degrees API (American Petroleum Institute) flowing at a rate of 1,660 barrels a day.

The well was located less than a mile south-east of the main target well. The latest well, designated 221/18 —24, was drilled to test a separate oil accumulation. According to stockbrokers Wood, Mackenzie, recoverable reserves in the area could be between 100m and 150m barrels.

BNOC also announced that it had awarded an engineering design contract for the second production platform for the inshore Beatrice oil fields.

The order, won by Brown and Root, followed the completion of preliminary engineering work carried out by J. Ray McDermitt.

The Beatrice Field, in Moray Firth, was commissioned last September. It currently yields 30,000 barrels a day.

Ivo Dawnay adds: Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, yesterday accused the Government of "treason" over its plans to sell off North Sea oil assets.

Speaking at the Scottish Trade Union Congress in Perth, he said that the British National Oil Corporation had acted as a buffer against EEC legislation, allowing oil to be landed in any Community country.

"I now see a future in which you have foreign investors in the new so-called Britoil," he said.

"You can see a course of action in which American investors with interests in the private company can land oil wherever the tax regime is most suitable and the greatest profits can be made."

Esso chairman attacks the Government's offshore taxation policies

BY RAY DAFTER, ENERGY EDITOR

MR ARCHIE FORSTER, chairman and chief executive of Esso Petroleum, one of the major oil and gas producers in the North Sea, has vehemently attacked offshore taxation policies.

The new revenue-based Supplementary Petroleum Duty was the "major adverse contributor" to Esso's worsened financial performance last year, he writes in the annual report.

Last year Esso, UK subsidiary of Exxon Corporation, had £205m net profit against £209m in 1980. Its return on capital fell from 10 per cent in 1980 to 7.9 per cent last year.

Its 1981 North Sea tax was nearly £300m, though only £23m in the previous 12 months. Almost £200m went to the Supplementary Petroleum Duty introduced last year.

Mr Forster said the tax raised the Government marginal take to over 90 per cent "to demonstrate again the lack of stability in the fiscal regime in our high-risk business."

It was notable that no major new North Sea development had been committed by the oil industry since announcement of the Petroleum Duty in November 1980.

Though the duty would be scrapped at the New Year as a result of measures in the March Budget, other parts of the tax package would be amended, leaving overall taxation level unchanged.

Taxation was the main disincentive to oil and gas development programmes. It raised "critical questions about the ability to maintain the nation's oil self-sufficiency past the 1980s."

Incentives to develop small fields remained inadequate; deeper water frontier areas had been made unattractive.

Last year Esso invested a record £523m in the UK, £411m on exploration and production. The company accounted for about 10 per cent of total UK offshore oil production and 13 per cent of its gas output.

Mr Forster said Esso results were also hit by competitive conditions in oil marketing and refining; inflation; a 7 per cent cut in demand for oil products compared with 1980; and delays in recovering frequent crude oil cost increases as the pound fell against the U.S. dollar.

Insurance men admit fraud

By John Moore, City Correspondent

TWO INSURANCE specialists in the U.S. have pleaded guilty to four Grand Jury charges covering their role in a fraud of more than $1m of the Lloyd's of London failed Sasse underwriting syndicate.

Mr John Goepfert and Mr Allan Assael, both New Jersey residents, have each pleaded guilty to one conspiracy to defraud charge, two of wire fraud, and one of mail fraud, according to Ms Betty Santangelo, the assistant U.S. attorney in charge of the case.

Mr Richard Mamarella, who was indicted with them last May, has pleaded guilty to three charges of perjury.

A fourth man, Mr Dennis Harrison, has denied the charges against him and will go to trial on May 3.

None of the men will be sentenced until after Mr Harrison's trial. Mr Goepfert and Mr Assael face a maximum sentence of 20 years each in prison and a $13,000 (£7,386) fine.

The underwriting syndicate at Lloyd's, formerly headed by Mr Frederick Sasse, crashed with losses of more than $21m with losses largely on North American fire business.

Leading critic of Sizewell B satisfied on safety

By David Fishlock, Science Edit

THE GOVERNMENT has c vinced its most eminent cri that the steel pressure ves for the proposed Sizewell nuclear station can be made a tested to adequate standards public safety.

Sir Alan Cottrell, Master Jesus College, Cambridge, a a former chief scientific adv to the Government, says Government's advisers pressure vessel safety ha settled his doubts.

After the nuclear accident a pressurised water reactor Three Mile Island in 1979, Alan wrote to the Pr Minister expressing gra doubts about government pla for building PWRs in Brita

His doubts centred on the tegrity of the £10m, 435-ton steel pressure vessel whi envelops the nuclear fuel, a whether inspection techniqu could be guaranteed to find a flaw in the steel that might gr to a dangerous size during t life of the reactor.

Sir Alan, an advocate nuclear power, was neverthele seen by opponents of the Si well B project as a potent witness for the opposition's ca

But correspondence betwe Sir Alan and Dr Walter M shall, chairman of the Atomic Energy Authority, mak it plain that, at least in the ca of the pressure vessel, former critic is satisfied.

The letters accompany t latest report from a study gro on PWR pressure ves integrity, under the chairma ship of Dr Marshall.

The report shows that S Alan's previous doubts abo the performance of the standa U.S. ultrasonic inspecti method in locating flaws of siginficant size with a hi degree of probability were ful justified.

In a major internation exercise organised by the OEC cracks as long as two inches ha been missed by inspectio teams, Sir Alan said yesterda

But a smaller exerci initiated by Britain, involvir top inspection teams in the U France and West German using newer inspection tec niques, demonstrated that th smallest flaws of any significan could be discovered with a ver high degree of probability.

As a result, the Marshal stud group estimates the probabili of failure of a pressure vess of the type that will be orderc fore Sizewell B at less than or in a million per year.

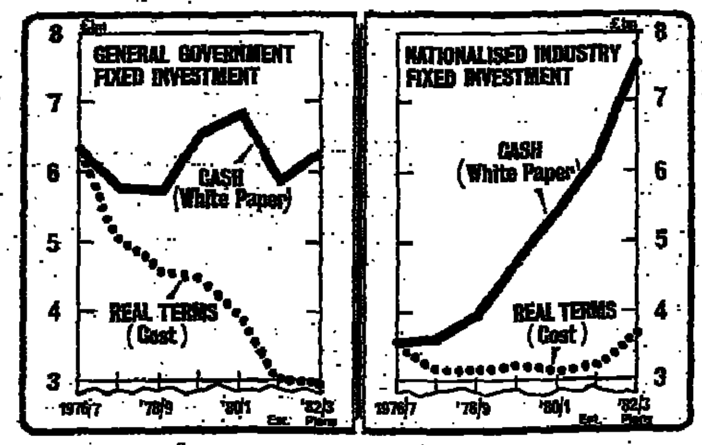
In a letter to Dr Marshall c February 15, Sir Alan said th new report on pressure vess integrity "has gone muc farther than its predecessor an in that direction which resolve my previous doubts about assu ing the integrity of a PW pressure vessel."

Sir Alan congratulates th study group on a "first clas very thorough and objective report. He says he welcome the new report for the way i which it has identified and pr cisely defined the conditior needed to ensure high integrity

Safety of nuclear pressure vessels, Page 27

UK NEWS

'Real' problem with cash planning



Max Wilkinson looks into criticisms of the Government's spending proposals

WOODBINES were five a penny before the war, and in those distant days a bottle of Scotch cost 12s 6d—the equivalent of 62½p. Older people sometimes cite these statistics with a mixture of nostalgia and longing.

But, of course, whisky was quite expensive even in those days and tuppences were much harder to come by than today.

To make any sense of the prices, one needs to know what an average person was earning, tax rates, hours of work and other comparative information. Anyone who talked at length about pre-war prices without referring to inflation would be convicted of irrelevance—or of being a bore.

Yet this is in effect what the Treasury has been criticised for doing in the latest Public Expenditure White Paper, which puts all historical and future information in cash terms. The Treasury's argument for changing to a system of planning future expenditure in cash is that financial discipline requires programmes to be tailored to the cash available, otherwise the Government might be signing blank cheques which would automatically accommodate higher costs resulting from such things as wages and fuel prices.

The main criticism of the Treasury's approach is that last month's White Paper concentrates exclusively on cash without any indication of what it will buy. The latest attack has come from the Treasury and Civil Service Select Committee, which said on Monday that substantial changes would be needed to the presentation of the figures if Parliament were to have adequate information to follow past and future trends in public spending.

Mr Edward du Cann, the committee's chairman described the information now provided for MPs as "woefully inadequate," and it is clear that a strong lobby is building up for the presentation of the figures in some sort of "real" or inflation adjusted terms.

The committee showed one way of doing this by converting some of the White Paper figures from the relatively meaningless cash terms to an inflation-adjusted "cost series." It did this by adjusting each cash figure in proportion to the year's past or expected inflation rate, as measured by the GDP deflator, and expressing the result as an index.

The graph shows how superior are the Select Committee's figures for interpreting trends. From the Treasury's information, it appears that capital investment by nationalised industries is expected to double between 1976-77 and 1982-83. But unless the inflation rate for the period is known, then the information is useless.

The cost series gives the more interesting information that in "real" terms investment fell to a low point in 1980-81 and is expected to be restored this year (1982-83).

The dilemma facing the Treasury is that if it should go back to publication of expenditure projections in some form of "real" terms, it might undermine the major effort it has made to educate spending departments in the constraints of the new cash system.

On this argument, it is important that departments tailor their activities to the cash available, as do individuals or companies.

Under the old "volume" system up to 1975, departments could plan for an agreed number of schools, hospitals or battleships and, in effect, send the bill to the Treasury after they were built.

However, to project even a moderately plausible cash figure for spending, the Treasury has to take a view about the likely course of inflation.

The inflation assumptions in the current White Paper are confusing and somewhat contradictory, but it is possible to produce the most up-to-date forecast and to adjust the projections accordingly. This is what the Select Committee has done.

Senior Treasury officials are not unsympathetic to this approach, which is defined as "expenditure in cost terms." It is highly probable that future White Papers will give at least the main figures in this form. However, this will not satisfy some critics.

There is, therefore, a heirarchy of ways of looking at public spending, each getting slightly closer to the end product. It includes:

Cash: This is the amount of money in nominal terms available for a programme—for example hospital building.

Cost: This is cash, adjusted for the average rate of inflation for the whole economy. It represents the real resources being put into a programme, but does not reflect accurately what will result.

Volume: This is a figure expressed in constant prices, taking account of the special inflation rates expected within a particular spending programme. It reprdesents approximately the extent of a programme.

Output measures: These are indices which attempt to measure the service delivered to the public. These measures are difficult to devise and are relatively unrefined.

Textile chief warns on threat to 30,000 jobs

By Belinda Nenk

A FURTHER 30,000 jobs could be lost in Britain's ailing textile industry because of the inadequate response of the Government and the EEC over import controls, warns the British Textile Confederation.

Mr Russell Smith, chairman, writing in the Confederation's annual report, criticises the Government and the EEC in their overall response to the industry's representations, although he says both bodies have been positive in other respects.

Employment in the textile industry has continued to fall heavily, from 384,000 in December 1980 to 358,000 in December last year. Profits have fallen sharply and many companies have moved into loss.

The major failing of the EEC policy, says Mr Smith, is the fact that the level at which quotas and ceilings will be set is based on existing restraint levels.

Because these were fixed by reference to 1976—a boom year for imports—and have since been subject to an annual growth factor, they have substantially outpaced demand in some important areas, he says.

"We have argued strongly that the new restraints should be based on actual imports in 1980. The failure of the Government and the Community to accept our views on this point could allow a 22 per cent growth in imports and the loss of 30,000 jobs in Britain, in addition to the effect of concessions elsewhere."

The major part of the restraints that will be introduced by the EEC will be under the Multi Fibre Arrangement, the international agreement which acts as a framework for world trade in textiles.

EEC officials have opened bilateral negotiations with developing countries and these are due to conclude in the autumn. The EEC is committed to withdrawing from the MFA if the negotiations fail to achieve its policy objectives.

Other problems faced by the textiles industry include imports from Mediterranean countries, distortions to competition inside the EEC, cost pressures from public sector policies and constraints outside the industry's control on its export potential.

Mr Smith says: "There will certainly be opportunities for profitable investment in particular parts of the industry, whatever reply the Government makes to our initiatives. But the Government cannot stand coldly aside from the more widely spread consequences of inaction."

● Increases in sales were recorded by the majority of sections in the wholesale textile trade in February 1982 compared with February 1981, according to figures compiled by the Textile Distributors Association.

The largest increase was in women's knitted outerwear, blouses and skirts, which showed an increase of 41.3 per cent.

BL expects to double car sales on the Continent to 120,000

BY JOHN GRIFFITHS

BL EXPECTS effectively to double its car sales this year on the Continent, with Italy the leading market accounting for 50,000 of 120,000 sales.

Last year BL reported 61,000 Continental sales. These included 20,000 Innocenti Minis, assembled in Italy and for which BL provided a kit of running gear and other parts but not bodies. This part of BL's business has now ceased.

Continental sales in the first quarter of this year were 21,970 against 16,357 in the same period of 1981. But with several new Metro models being introduced this year, the Triumph Acclaim only just launched on the Continent and a diesel Rover unveiled at the Turin show yesterday, BL expects sales to accelerate.

As late as January BL Cars' chairman, Mr Ray Horrocks, had forecast 90,000 Continental sales this year. Now BL is looking for this volume from France with 40,000, and Italy alone. These two countries each absorbed 23,000 last year.

More than 65,000 sales are expected to be accounted for by Metro, for which BL has set a long-term sales target of 100,000 on the Continent. Meanwhile, 4,000 Metros a year are finding their way to other overseas markets, excluding the U.S., and total BL sales in these markets are expected to rise from 15,000 last year to 18,000 in 1982. Jaguar sales in the U.S. are expected to double to 8,000.

The latest in the Metro range emerged yesterday in the form of a luxury Vanden Plas version.

While BL does not expect to sell more than 10,000 of the new model in its first year—6,500 in the UK, the remainder on the Continent—its launch lends emphasis to Sir Michael Edwardes' remarks in the BL annual report, released on Monday, about the company's product-led revival plans.

Pointing out that 20 new models had been introduced since October 1980, Sir Michael said: "The programme will be accelerated throughout 1982 with the announcement of a further 23 new models across cars, commercial vehicles and Land-over during the next 18 months."

Yet another Metro model, a high-performance vehicle sporting the MG badge, will be launched next month. At least one other is believed to be planned for later this year.

The Vanden Plas model, with walnut interior trim but without the leather seats of previous Vanden Plas cars, is expected to increase overall Metro sales by much less than 10,000, however. This is because it is expected to take sales from the previously top-range model, the 1.3HLS.

At £4,994, the Vanden Plas is less than £50 more expensive than the 1.3HLS. Its job is to give BL a more clearly-defined competitor in the luxury small hatchback market. The 1.3HLS will be phased-out.

Substantial incremental sales are expected from the MG version, however, as it is some years since BL has had a representative in the fast-growing small sports saloon category.

Electric version of Terrier truck planned

FINANCIAL TIMES REPORTER

LEYLAND TRUCKS plans to start limited production soon of an electric truck, based on its 7.5 gross tons diesel-engined Terrier model built at Bathgate.

The electric version has been under development at the BL truck arm's Leyland technical centre since 1979.

Mr Peter Capon, Leyland Trucks' managing director, said at the unveiling of a prototype that it was the "first fruit of a long-term development programme" dedicated to building electric vehicles.

Leyland says short-term market prospects are limited—possibly about 200 vehicles per year—but by the late 1980s some 20 per cent of the 5.5-5.7 tons truck sector, or about 1,000 vehicles a year, could be electric.

This could rise further if new battery developments are successful in significantly extending the average 50-mile range of current "state of the art" electric trucks.

Then, it believes, there would be few applications of medium trucks for which an electric version would not be suitable, assuming that most are used for short-haul deliveries.

For that reason, it also plans to extend the electric truck to cover the sector up to 3.5 tons. The 7.5 ton weight was chosen initially because this is the threshold over which a heavy goods vehicle driver's licence is required.

The prototype has a payload of 2.5 tons. Its performance is compatible with a diesel version up to 30 mph, which is reached in about 29 seconds, but its top speed of 40 mph is considerably lower.

There will be minor changes to limited production models as compared to the prototype, but Leyland says that this can be built on the Bathgate line alongside diesel trucks without difficulty.

A similar system is already operating at Karrier Motors' Dunstable truck plant, where late last year it began building the UK's first production commercials based on the Dodge 50 series truck.

British Air Ferries shows pre-tax profit of £0.5m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Air Ferries, the Airport Southend-based airline of the Keegan Group, earned a net pretax profit of £500,000 in the year to December 31 1981 with BAF Engineering earning £100,000.

Mr Mike Keegan, the group's chairman, said both companies expanded during 1981 and further growth is planned this year.

British Air Ferries purchased the remaining seven British Airways' Viscount turbo-prop airliners, bringing its own fleet to 32, while BAF Engineering acquired the British Airways' maintenance base at Cardiff.

A new company, Dragon Aircraft, is to make a range of Micro-Light aircraft. Prototypes are already being built for demonstration and initial production run of 1,000 aircraft is planned.

Mr Keegan says that in the current year, the group will expand in the Far East. "The expansion is carefully thought out: we are well diversified across various aspects of aviation and have establishments in six separate countries, which insulates us from any single economy."

Debenham computer link aims to cut fuel costs

BY MAURICE SAMUELSON

THE DEBENHAM GROUP of retail stores is installing a computer-based energy control system in its major outlets in an effort to contain its fuel bills, now running at nearly £5m a year.

Equipment in stores throughout the country will be connected via the public telephone service to an office at Basingstoke, which will monitor and adjust conditions in each store.

Debenhams has 68 stores and nearly 100 other buildings throughout Britain. It is using equipment supplied by Transmitton, a subsidiary of BICC, based at Ashby-de-la-Zouch, Leicestershire.

About £100,000 is being spent on stores at Ipswich, Guildford, Reading, Bristol, Cardiff, Swansea and Middlesborough. The energy bill at each it more than £75,000 a year. A further 20 stores will be connected this year and the group's remaining stores will be linked in 1983.

Mr Ken Bishop, Debenham's managing director, said yesterday the investment was based on the assumption that energy costs would rise faster than inflation in the next decade and that energy prices would again be under pressure once the recession was over.

"If you can save energy in volume today you'll get a better reward than out of other items of savings," he said.

The entire system's central control is at the Basingstoke office of Welsmere, the separate energy management company set up by the Debenham Group.

The Transmitton system, Micropower 2000, consists of a central keyboard, printer and visual display unit, linked by the public STD telephone network to computer units in Debenham stores.

The units in the stores carry out the day-to-day energy management and monitoring independently of the central station.

Debenhams predicts it will save between 10 and 20 per cent on energy at each store.

Transmitton claims this is the first successful scheme on this scale in the UK, although one other large retail chain has tried to instal a central system controlling energy use.

Transmitton won the Debenhams contract in the face of U.S. competition and is one of the fastest-growing companies in the BICC Group. Its yearly turnover has risen from £¾m in 1976, when it was acquired by BICC, to about £7m to £8m this year.

London boroughs seek aid for jobless

BY ROBIN PAULEY

RAPIDLY-GROWING unemployment in London, and the problems facing jobless youngsters and those from ethnic minority groups, is to be the subject of a campaign by the London Boroughs Association.

London has fared better than the rest of the country in the recession but it now looks as though the worst effects were simply later arriving in the capital and might be later to leave.

Unemployment in London in the 12 months from December 1980 increased at a rate half as high again as the national rate. The rate of increase in job losses in the last quarter of 1981 was slowing down everywhere except London.

The LBA says the plight of unemployed school leavers under 18 in Greater London is worse than nationally. The Greater London figure for this category jumped from 6,574 to 13,700 between December 1980 and December 1981, a rise of 108 per cent.

London has 38 per cent of the national total of unemployed people from ethnic minorities.

The LBA housing and works committee is arguing for more of Britain's and EEC resources to be directed towards London to aid employment opportunities. This would be done in conjunction with the Greater London Council and the Manpower Services Commission which already has specific committees covering the London area.

County councils urge poll tax

BY ROBIN PAULEY

DOMESTIC RATES should be retained, reformed and supplemented by a poll tax, says the Association of County Councils (ACC) in its response to the Government's Green Paper on Alternatives to Domestic Rates. This view is a majority one, but serious political divisions in the ACC have ruled out a unanimous response.

The association says the fact that the Green Paper contains no major new suggestions indicates that radical solutions are not available or acceptable to the Government.

Domestic rates should continue because they are visible, easily collected and their regressive effects are limited by rebate. But the Government should consider changing the basis of rating to capital valuations, which should themselves be regularly updated.

The association also recommends the abolition of domestic rate relief and the introduction of income tax relief for rate payments.

Domestic rates should be supplemented by a poll tax to fill the gap that exists because of those who benefit from but do not contribute to local authority services. The amount the tax could raise should be limited because of its regressive nature, although this could be ameliorated through rebates. The association does not indicate whether central or local government would set the tax limit

The Welsh counties, which belong to the ACC but are entitled to record their views separately, indicate that they are opposed to a poll tax. So are other minority groups, including the Labour Party opposition.

The ACC is proposing a poll tax only as a stop-gap measure until local income tax (LIT) can be introduced.

● Mr Walter Goldsmith, director-general of the Institute of Directors, last night told members of the Royal Institute of Chartered Surveyors in Hemel Hempstead that businessmen should warn candidates in May's local council elections that their votes would go to those whose parties displayed a clear determination to institute national rates reforms to give commerce and industry some voice in local authority spending plans and limit the taxation which councils could impose on their industrial ratepayers.

Independent school fees average £1,100 a term

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

FEES FOR boarders at the best known independent schools now average more than £1,100 a term, according to statistics published by the Independent Schools Information Service yesterday.

Day fees at the same schools for older pupils—which still cater mainly for boys—averages £643 a term.

Corresponding charges at leading independent girls' schools average £954 for boarders and £514 for day pupils, and at preparatory schools £817 for boarding and £498 for day attendance.

But individual fees range widely with the highest for day pupils exceeding the lowest for boarders, said ISIS, whose survey covers more than half Britain's 2,400 independent schools and about three-quarters of fee-paying pupils in the country.

Numbers of children attending the schools covered fell by about 1 per cent in 1981-82 to about 410,000. And an increase in foreign pupils by 3,000, means that the number from British families dropped by about 7,000 or nearly 2 per cent.

The decline, which compares with a 2.5 per cent fall in the total school-age population in Britain, was largely in boarders. The result is heavy financial pressure on less well known schools, particularly those in rural areas with little prospect of replacing lost boarders with day pupils.

"It is surprising that numbers have held up as well as they have done," said Mr Tim Devlin, national director of ISIS.

He added that the schools had shown "unshaken confidence in the future" by increasing investment in new buildings and other improvements from £60.3m in 1980 to £75.4m last year, or from £145 per pupil to £186.

Rapid transport system draws £3.5m revenue

By Nick Garnett, Northern Correspondent

THE PROBLEMS which handicapped last November's integration of bus services and the Tyne and Wear Metro light railway system have been overcome, the region's passenger transport executive said yesterday.

The entire Metro system, but excluding the bus operations, attracted £3.5m in revenue in the first 11 months of the last financial year, until February 20, £200,000 up on target.

Operating costs were £8.5m, more than £800,000 less than anticipated.

This shortfall between revenue and costs, however, is a distorted figure, because although there are two stages of the Metro to be opened, the system is already manned as if they were operational and attracting revenue. The figures also reflect the cost of labour still involved in design and construction work.

When the planned stages open this autumn and in the summer of next year, the PTE projects yearly revenue of £12m, against operating costs of £15m.

Each week 700,000 passengers use the Metro giving a yearly figure 36m-37m passengers—more than the PTE expected. This partly reflects the impact of last November's opening of the cross-river route to Gateshead and Heworth.

Mr David Howard, PTE's director of engineering, said yesterday that the concept of the Metro and its integration with bus services had proved right.

Bus scheduling and frequencies are still being adjusted to overcome anomalies and improve efficiencies. The problems of reorganisation were compounded by unexpectedly high usage and points failures in the winter.

Tyne and Wear County Council with the PTE is carrying out extensions to some of the interchange car parks to cope with the high demand.

Notice of Redemption

International Standard Electric Corporation

6% Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 15, 1967, under which the above described Debentures were issued, $475,000 principal amount of the said Debentures of the following distinctive numbers has been drawn by lot for redemption on May 15, 1982 (the "sinking fund redemption date") through the operation of the Mandatory Sinking Fund provisions at 100% of the principal amount thereof (the "redemption price"), together with accrued interest to the redemption date:

$1,000 COUPON DEBENTURES BEARING THE PREFIX LETTER M

47	1391	3283	6007	7442	9224	11848	13416	15682	17583	19486	22098	24151	26215	28812	30291	33077
48	1601	3293	6061	7443	9267	11851	13465	15851	17893	19683	22147	24163	26320	28864	30310	33106
49	2001	3294	6093	7522	9268	11852	13834	16215	17906	20027	22149	24173	26324	28904	30424	33133
51	2005	3855	6139	7526	9269	11853	13948	16259	18001	20155	22191	24207	26563	28972	30881	33184
72	2052	4009	6184	7527	9332	11855	13949	16263	18101	20157	22480	24313	26613	28976	31016	33207
106	2110	4026	6170	8126	9401	11910	14093	16410	18108	20158	22491	24423	26709	28977	31091	33211
109	2115	4027	6262	8127	9404	11911	14094	16474	18109	20191	22493	24647	26710	28981	31095	33385
115	2119	4137	6265	8190	9602	11981	14207	16477	18188	20769	22612	24831	26742	28982	31098	33387
143	2134	4245	6443	8209	9610	11982	14273	16579	18186	20919	22614	24867	26894	29065	31249	33497
200	2139	4343	6444	8213	9675	11984	14275	16597	18263	20924	22741	25005	26910	29255	31260	33875
201	2221	4552	6445	8216	9685	11985	14392	16681	18265	20925	22743	25013	27216	29256	31288	33901
213	2224	4553	6446	8296	9706	12011	14393	16708	18287	20939	22745	25065	27218	29413	31516	33908
532	2235	4619	6501	8298	10172	12012	14541	16801	18469	21019	22919	25084	27220	29414	31630	33963
681	2550	4663	6502	8405	10173	12014	14543	16864	18542	21166	23001	25086	27302	29508	31624	34043
1010	2592	4664	6532	8491	10215	12029	14545	16865	18544	21170	23005	25132	27304	29510	31812	34045
1012	2899	4697	6859	8565	10232	12080	14547	16927	18979	21226	23012	25136	27306	29581	32113	34101
1013	2930	4814	7083	8624	10234	12188	14900	17020	18981	21228	23131	25188	27314	29533	32117	34168
1040	3022	4815	7234	8625	10235	12189	14901	17021	19035	21282	23141	25270	27316	29636	32269	34189
1159	3044	4826	7267	8700	10241	12392	14902	17030	19041	21286	23271	25394	27318	29667	32340	34192
1160	3046	4827	7370	8776	10267	12772	14995	17051	19082	21395	23282	25838	27467	29998	32360	34778
1163	3051	4834	7371	8800	10273	12802	15062	17173	19197	21482	23335	25451	27564	30032	32369	34893
1190	3095	4904	7372	8983	10401	12950	15086	17176	19200	21486	23338	25525	27664	30039	32571	34897
1198	3096	5111	7373	9001	10405	13007	15132	17178	19203	21682	23510	25878	27782	30043	32625	34898
1199	3110	5113	7374	9030	10576	13094	15133	17180	19284	21684	23858	26065	28161	30084	32627	34942
1221	3189	5114	7375	9174	10709	13095	15220	17281	19321	21727	24040	26092	28384	30221	32865	34944
1247	3191	5144	7376	9204	10807	13155	15222	17452	19323	21780	24042	26136	28391	30224	32868	34956
1250	3240	5145	7393	9206	10854	13165	15223	17454	19331	21916	24050	26138	28535	30272	32875	34959
1251	3258	5154	7441	9207	11702	13220	15417	17581	19483	22095	24100	26176	28700	30282	33076	

The Debentures specified above will become due and payable and, upon presentation and surrender thereof (with all coupons appertaining thereto, maturing after May 15, 1982), will be paid on said redemption date at Brokers' Services Department, 5th Floor of Citibank, N.A., 111 Wall Street, New York, N.Y. 10043, at the offices of Citibank, N.A. in London (City Office) and Paris, or at the principal offices of Societe Generale de Banque S.A. in Brussels, Dresdner Bank Aktiengesellschaft in Frankfurt, Credito Italiano in Milan, Swiss Bank Corporation in Basle, and Swiss Credit Bank and Union Bank of Switzerland in Zurich, as the Company's Paying Agents. On and after said redemption date, interest on said Debentures will cease to accrue.

Coupons due May 15, 1982 should be detached and presented for payment in the usual manner.

International Standard Electric Corporation
By: CITIBANK, N.A., as Trustee

April 14, 1982

Pay deal with Labour vital, Scots TUC told

BY IVO DAWNAY, LABOUR STAFF

THE FIRST signs of a major struggle among the trades unions over agreeing an incomes policy with the Labour Party emerged at the Scottish Trades Union Congress in Perth yesterday.

Mr Sydney Weighell, general secretary of the National Union of Railwaymen, told delegates that it could not afford to duck the issue of achieving a firm deal with Labour on the future of wage bargaining as part of the joint TUC-Labour Party's economic programme.

"If that element is decided by the whim of the 112 unions it will not succeed," he said. "If you eliminate this from your strategy, the British people won't believe you; you won't deserve to be believed, and you won't get power."

Mr Weighell was backed by Mr Alan Tuffin, Union of Communication Workers general secretary designate, who said that a deal on wages was an essential part of Labour's economic strategy.

"We have to know what agreement we have on the subject of incomes," he said. "The issue will not go away, no matter how much we try to ignore it, no matter how much we sloganise free collective bargaining, a Labour Government will have to take on that problem."

Both Mr Weighell and Mr Tuffin were speaking on a composite motion condemning the Government's economic policy and supporting the trade union campaign for major reflation, import controls, a programme of further nationalisation, and stringent curbs on overseas investment.

Earlier, Mr David Basnett, General and Municipal Workers Union general secretary and chairman of the key TUC-Labour Party liaison committee, said that substantial progress had now been made on agreeing a common economic policy. But he added that "doctrinal perfection" should now give way in the approach to a general election.

The issue of incomes policy is likely to become central to the left-right struggle both within the Labour Party and the trades unions over the coming months.

This was demonstrated by the removal of an amendment by the UCW urging the recognition of the need for a "national economic assessment" between trades unions and Labour from the composite motion finally put to the left-leaning STUC.

UCW calls for the reinstatement of the amendment were ruled out of order by the STUC general council.

However, a motion, opposing all forms of incomes policy, was moved by the left-led Technical Administrative and Supervisory Section of the Amalgamated Union of Engineering Workers and passed by a majority vote later.

In a message, Mr Alan Sapper, chairman of the TUC general council, said the Labour Party would not be allowed to introduce any statutory legislation restricting wages.

Ports face 24-hour token strike today

By David Goodhart, Labour Staff

THE MAJORITY of Britain's ports were expected to be at a standstill today as the unofficial National Ports Shop Stewards Committee stage a 24-hour stoppage in protest against proposed changes to the National Docks Labour Board.

Mr Ritchie Pearce, chairman of the unofficial body, said that 90 per cent of the ports covered by the Dock Labour scheme would close, but last night there were doubts over London and Bristol.

The stoppage has been called to coincide with the recalled National Dock Delegate Conference of the Transport and General Workers Union.

The conference will be discussing the streamlining proposals of the NDLB, which includes the transfer of medical and first aid centres from the Dock Labour Board to the individual port employers.

Strong support for the stoppage is coming from Liverpool, Southampton and Hull. A delegation from Liverpool, led by Mr Denis Kelly, chairman of the Mersey Docks Shop Stewards' Committee, is attending the conference today with the threat of another 725 job losses hanging over the port.

All Scottish ports except Greenock are expected to join the action.

Steel plant men strike over suspension

Financial Times Reporter

PRODUCTION AT the British Steel Corporation plant in Corby, Northants, was halted yesterday when more than 2,000 workers went on strike over two colleagues being suspended for refusing to handle scrap metal.

Earlier in the day industrial action began over plans to move 14 workers in the scrap metal department to another section and bring in outside contractors. The workers involved all belong to the Iron and Steel Trades Confederation.

● Mr Arthur Scargill, president of the National Union of Mineworkers, yesterday gave his full backing to Kent miners who are fighting for the development of the Snowdown Colliery.

The colliery's management is to approach the National Coal Board for approval of a £3m investment scheme needed to keep the colliery open.

Militant engineering workers attack economic strategy

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEFT-WINGERS in the Amalgamated Union of Engineering Workers yesterday sharply criticised the Labour movement's alternative economic strategy, insisting that it should be supported by industrial action to remove the Government from office.

Delegates to the policy-making national committee of the AUEW engineering section meeting in Eastbourne held a lengthy debate on unemployment and sought policies to reflate the economy.

The conference called for:

● A new National Enterprise Board set up to support the nationalised industries and groups faced with closure.

● Early retirement at 60, a 35-hour week, and increased holidays.

● A reduction in overtime and an end to the misuse of the Youth Opportunities programme.

● An improvement in training and education facilities provided by the Manpower Services Commission.

While motions approved by the AUEW also called for full support for the TUC's alternative economic strategy (AES) many speakers were critical of it because it did not have behind it the warning of a readiness to take industrial action.

Accusing the Government of "economic terrorism" Mr Ron Halverson, unofficial leader of the AUEW left said the only thing which would persuade the Government to change its mind was direct action.

Mr Terry Duffy, AUEW president, urged union members not to take the easy option of redundancy money but to fight for their jobs. They would be backed by the AUEW, he said, though other unions were not often so ready to do so.

Bank union leaders upset by work of new broad left grou

BY BRIAN GROOM, LABOUR STAFF

A BROAD left group has been formed in an attempt to radicalise the non-political 150,000 strong Banking Insurance and Finance Union.

The union's leadership has been upset by the fringe activities of the Finance Workers broad left at Bifu's annual conference, in Blackpool this week. Mr Tony Benn was due to address an unofficial meeting last night but could not attend because of illness.

Bifu's leaders are concerned not so much about the group's potential strengths it actively involves only about 30 to 40 of the 500 delegates, as about the effects which political activity could have on the union's recruitment among one of Britain's most moderate workforces.

The group was founded last November and is backed by at least three of the 30 members of the national executive. It hopes to expand rapidly.

In the first issue of Counter-Balance, the group's journal, outlines policies on such issues as low pay, redundancies, working hours and equal oppo ties

The group's main thru against Bifu's "right leadership hence a centra posal for the election o general secretary and al time officials, and for the election every five years.

The broad Left's policie for Bifu to take a bigger in TUC political discussi on the grounds that vir everything "political" or wise affects the members.

A spirited defence of t tism was mounted at the ference yesterday by Mr frey Chandler director-ge of the National Eco Development Office, amid tinued pressure among unions for a TUC boyco bodies that bring tog unions, employers and Government.

If the National Eco Development Office c were abolished there woul low a "great silence," he It was a major force for t ing down institutionalised riers to communications.

Ambulance staff wage talks stall on 4% limit

BY OUR LABOUR STAFF

PAY TALKS between management and unions representing 17,000 ambulancemen broke down last night as expected.

The unions restated their comon claim of 12 per cent for all health workers, while the management offer stayed within its 4 per cent limit—plus an additional £1.3m to finance the transfer from wage to salary status.

The unions involved are the Confederation of Health Service Employees, the National Union of Public Employees, the General and Municipal Workers Union and the Transport and General Workers Union.

No fresh talks have been aranged, but the unions said they were still willing to discuss the wage-salary switch.

Mr Terry Mallinson, the Cohse chief negotiator, representing 6,000 ambulancement, said yesterday: "To accept a 4 per cent pay rise would mean an 8 per cent drop in living standards and is quite unacceptable."

Cohse ambulance staff will join their union's campaign of industrial action which begins on April 26.

● About 60 Glasgow ambulancemen went on strike for two hours yesterday in support of Mr Ian Cadell, Nupe branch secretary, who was sacked last week for talking to the press.

Insurance pay offer vote

BY OUR LABOUR STAFF

MEMBERS OF the Association of Scientific, Technical and Managerial Staff (ASTMS) who work for the Legal and General Insurance Company have overwhelmingly rejected an 8½ per cent pay offer.

In a ballot of the 2,600 staff, 78 per cent of those voting rejected the offer—which included a 2 per cent lump sum. About 85 per cent of those eligible voted.

A slightly smaller percentage—about 65 per cent—voted for sanctions against the company if the offer isn't improved.

Mr Jim Terry, divisional officer of ASTMS, said that sanctions would begin next Monday if there was no new offer and would escalate

Johannesburg Consolidated Investments Group

(All companies mentioned are incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31st MARCH 1982 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued capital: R10 827 106
(Divided into 5 413 553 shares of R2 each)

OPERATING RESULTS

	Quarter ended 31.3.1982	31.12.1981
Gold		
Ore milled – tons	1 329 000	1 283 000
Kilograms produced	6 645	6 412
Yield – grams per ton	5,0	5,0
Revenue – per ton milled	R55,80	R67,80
Working costs – per ton milled	R29,67	R29,22
Profit – per ton milled	R26,13	R38,58
Uranium		
Tons treated	755 000	778 000
Kilograms produced	111 160	126 172
Yield – kilograms per ton	0,147	0,162

FINANCIAL RESULTS (R000)

	31.3.1982	31.12.1981
Revenue from gold	74 153	86 985
Working costs	39 429	37 486
Profit from gold	34 724	49 499
Profit from uranium	4 483	3 683
Net sundry revenue	404	1 554
Operating profit	39 611	54 736
Net interest receivable	1 860	2 523
Profit before taxation	41 471	57 259
Taxation and State's share of profit	11 661	6 402
Profit	29 810	50 857
Capital expenditure	13 706	39 361
Dividends declared	—	21 655

NOTE:

Price received on gold sales:	Quarter ended 31.3.1982	31.12.1981
U.S.$ per oz.	363	426
Rand per kg.	11 519	13 107

DEVELOPMENT

During the quarter a total of 11 518 metres (13 386 metres) was advanced at the Cooke Section. Development from Cooke No. 2 Shaft in the Cooke No. 3 Shaft area on 118 and 128 levels amounted to 2 650 metres (3 224 metres).

At the Randfontein Section 213 metres (183 metres) were advanced on the Rock Tunnel, Leader and East Reef horizons.

SAMPLING RESULTS

The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

COOKE SECTION

	Quarter ended 31.3.1982				Quarter ended 31.12.1981			
UE1A REEF	Totals	No. 1 Shaft	No. 2 Shaft	No. 3 Shaft	Totals	No. 1 Shaft	No. 2 Shaft	No. 3 Shaft
Sampled – metres	2 652	987	1 293	372	3 270	1 062	1 851	357
Channel width – centimetres	163	171	160	153	178	163	188	172
Average value:								
Gold – grams per ton	8,1	5,8	10,1	8,0	7,5	6,9	7,9	7,2
– centimetre grams per ton	1 320	992	1 616	1 224	1 335	1 125	1 485	1 238
Uranium – kilograms per ton	0,240	0,120	0,260	0,510	0,240	0,140	0,240	0,480
– centimetre kilograms per ton	39,12	20,52	41,60	78,03	42,72	22,82	45,12	82,56

RANDFONTEIN SECTION

MAIN REEFS	Quarter ended 31.3.1982	31.12.1981
Sampled – metres	165	96
Channel width – centimetres	150	88
Gold		
Av. value – grams per ton	2,7	3,5
– centimetre grams per ton	405	308

SHAFTS

COOKE NO. 1 SHAFT
The installation of the larger rock winder is on schedule and commissioning is due during the second quarter.

COOKE NO. 2 SHAFT
The conversion of the ventilation shaft for hoisting is progressing well and should be completed during the third quarter.

COOKE NO. 3 SHAFT
Sinking operations advanced from 772 metres to 937 metres below collar and included the cutting of 106 and 118 level stations. On 22nd March, 1982 a holing was effected on 118 level with development advanced from Cooke No. 2 Shaft.

PRODUCTION

GOLD
Underground ore was supplemented by 529 000 tons (478 000 tons) from old surface tailings and rock dumps. Despite the greater throughput of low-grade material the recovery grade was maintained during this quarter.

URANIUM
The production of uranium was adversely affected by the cessation of operations at the Millsite plant and by plant operating difficulties, which have since been overcome.

CAPITAL EXPENDITURE

In view of the weaker gold price the capital expenditure programme has been reviewed and certain items of expenditure have been deferred.

Net expenditure on mining assets during the quarter amounted to R13 054 000. Sales of other assets amounted to R16 000. At 31st March, 1982 there were capital commitments amounting to R14 408 000.

For and on behalf of the Board
G. Y. NISBET
R. C. BERTRAM *Directors*

Western Areas

Western Areas Gold Mining Company Limited
Issued capital: R40 306 950
(Divided into 40 306 950 units of stock of R1 each)

OPERATING RESULTS

	Quarter ended 31.3.1982	31.12.1981
Gold		
Ore milled – tons	992 000	1 061 000
Kilograms produced	3 869	4 138
Yield – grams per ton	3.9	3.9
Revenue – per ton milled	R45,64	R52,56
Working costs – per ton milled	R49,06	R43,52
Profit (Loss) – per ton milled	(R3,42)	R9,04
Uranium		
Tons treated	154 000	—
Kilograms produced	26 535	—
Yield – kilograms per ton	0,17	—

FINANCIAL RESULTS (R000)

	31.3.1982	31.12.1981
Revenue from gold	45 279	55 766
Working costs	48 666	46 177
Profit (Loss) from gold	(3 387)	9 589
Profit from uranium	98	—
Net sundry revenue	395	277
Operating profit (loss)	(2 894)	9 866
Net interest receivable	1 254	1 535
Profit (Loss) before taxation	(1 640)	11 401
Taxation and State's share of profit	450	(1 636)
Profit (Loss)	(2 090)	13 037
Capital expenditure	7 597	13 923
Dividends declared	—	8 061

NOTES:

1. Price received on gold sales:	Quarter ended 31.3.1982	31.12.1981
U.S.$ per oz.	362	424
Rand per kg.	11 572	13 177

2. The taxation liability of R450 000 is in respect of non-mining income.

DEVELOPMENT

A total of 9 354 metres (10 318 metres) was advanced during the quarter. Inclided in the above total is Middle Elsburg development amounting to 1 663 metres (1 249 metres).

SAMPLING RESULTS

The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

VENTERSDORP CONTACT REEF AND UPPER ELSBURG REEFS

	Quarter ended 31.3.1982				Quarter ended 31.12.1981			
	Total All Reefs	Ventersdorp Contact Reef	Elsburg Massive Reefs	Elsburg Individual Reefs	Total All Reefs	Ventersdorp Contact Reef	Elsburg Massive Reefs	Elsburg Individual Reefs
Sampled – metres	1 146	177	345	624	1 236	147	591	498
Channel width – centimetres	177	94	188	194	191	62	209	207
Average value:								
Gold – grams per ton	7,2	19,4	7,0	5,6	5,9	15,9	6,1	4,9
– centimetre grams per ton	1 274	1 824	1 316	1 086	1 127	986	1 275	1 014

MIDDLE ELSBURG REEFS

	Quarter ended 31.3.1982	31.12.1981
Sampled – metres	267	309
Channel width – centimetres	161	169
Average value:		
Gold		
– grams per ton	2,2	3,3
– centimetre grams per ton	354	558
Uranium		
– kilograms per ton	0,49	0,73
– centimetre kilograms per ton	78,69	123,37

PRODUCTION

GOLD
Production was interrupted by numerous power failures and the breakdown of a major compressor serving the South Shaft. In addition, underground production continued to be adversely affected by reduced shaft availability.

The commissioning of a screening plant on surface, while improving the grade of surface material, reduced the tonnage treated from 152 100 tons to 136 900 tons in the quarter.

In view of the weaker gold price the short-term mining plan is being revised with the object of improving the grade of ore from underground sources.

URANIUM
Stoping operations on the Middle Elsburg reef horizon have now attained the planned level for the current year. The uranium plant has been fully commissioned and although problems are still being encountered with the filtration section, uranium recovery is expected to increase.

SUB-VERTICAL SHAFTS

At the S.V. 3 Shaft, sinking and lining operations continued and the shaft advanced 94 metres (132 metres) to 942 metres (848 metres) below collar with 85 metres (136 metres) being concrete lined. The cutting and lining of 78 level station have been completed and excavation for 80 level station has also been completed.

The 4E S.V. Shaft is now operational.

CAPITAL EXPENDITURE

The capital expenditure programme has been reviewed and expenditure on certain projects has been deferred.

Net expenditure on mining assets during the quarter amounted to R7 651 000. Sales of other assets amounted to R54 000. At 31st March, 1982 capital commitments amounted to R5 825 000.

For and on behalf of the Board
G. Y. NISBET
R. C. BERTRAM *Directors*

Elsburg

Elsburg Gold Mining Company Limited
Issued capital: R30 203 000
(Divided into 30 203 000 units of stock of R1 each)

	Quarter ended 31.3.1982	31.12.1981
DIVIDENDS DECLARED (R000)	Nil	R3 927

Stockholders are advised to study the operational results published by Western Areas Gold Mining Company Limited.

For and on behalf of the Board
G. Y. NISBET
R. C. BERTRAM *Directors*

Johannesburg Consolidated Investment Company, Limited
Consolidated Building, Fox and Harrison Streets, Johannesburg 2001
P.O. Box 590, Johannesburg 2000

or Barnato Brothers Limited
99 Bishopsgate, London EC2M 3XE
England

20th April, 1982

Copies of these reports, in English or Afrikaans, are available on request from the offices of the transfer secretaries.

YM TO MAKE BRITISH SETTLEMENT PROPOSALS IN WASHINGTON TOMORROW

Thatcher retains broad support on Falklands

BY IVOR OWEN

RM UNDERTAKINGS by the ime Minister that Britain nains ready to seek a diplo- tic solution to the Falkland ands crisis yesterday assured e Government of a further und of all-party support in e Commons.

Undercurrents of criticism re apparent among some vernment back benchers and all groups of Labour MPs. t they were almost entirely bmerged beneath support for e mission Mr Francis Pym, e Foreign Secretary, will ke to Washington tomorrow.

Mrs Thatcher stressed that e proposals cabled to London om Buenos Aires late on Mon- y by Mr Alexander Haig, the S. Secretary of State, were ose of the Argentina Govern- ent.

With equal emphasis, she defined the fact that they d short of the objective of aranteeing the Falkland anders the right of self-deter- nation which she believed d the support of nearly every ?.

The Prime Minister declined give any details, but nounced that Mr Pym would making counter-proposals hen he meets Mr Haig in ashington.

To cheers from all quarters, e declared: "We do remain mmitted to seeking a diplo- atic solution, if one can pos- bly be found that is accept- le."

She explained that the overnment regarded the latest rgentine proposals, now being bjected to detailed and care- l study, as "a stage in the gotiating process, which must w be continued."

While acknowledging the portance of maintaining the ity displayed in the Commons nce the invasion of the islands as announced, she rejected a ggestion by Mr Roy Jenkins DP Glasgow Hillhead) that nfidential consultations should held between the leaders of l the political parties at West- inster.

The Prime Minister indicated at she shared the reluctance ready expressed by Mr Michael oot, the Opposition leader, for barking upon such a course.

But she promised that the overnment would continue to keep the House—and, therefore, all MPs—as fully informed as possible.

Roy Jenkins: all-party talks

Mr Foot urged the Government to reconsider the suggestion made on Monday, by Mr Denis Healey, shadow Foreign Secretary, that the United Nations should be involved in the negotiations.

A major source of the strength of Britain's case, he said, was that she had been acting in conformity with the UN Charter and pursuing the objectives embodied in resolution 502 approved by the Security Council.

The Prime Minister acknowledged the importance of the United Nations, but questioned whether it would be wise while engaged in one negotiations to risk getting the "wires crossed" by introducing a new dimension.

Britain was seeking to secure the implementation of the UN Security Council resolution—not an easy task—and also had rights of "self defence" under the UN charter.

Mr George Gardiner (Con Reigate) appealed to the Prime Minister to consider any proposals from the Argentines with great caution, bearing in mind that if an aggressor was even half compensated for his aggression others would be encouraged to behave likewise.

The Prime Minister replied that she accepted the point made by Mr Gardiner, which had been strongly expressed *from all sides of the House* during earlier discussions on the invasion.

With Tory MPs cheering approval she insisted: "We shall of course try to seek a diplomatic solution but we have to be true to our objectives.

"I cannot disguise from the House that the Argentine proposals at present before us fall short in some import respects of those objectives and requirements expressed in the House."

Mr David Steel, the Liberal leader, cautioned the Prime Minister against interpreting the all-party agreement on the need to remove Argentine troops from the islands as *blanket support for some of the* longer-term objectives now being discussed.

The Government's declared intention to make the wishes of the islanders paramount should not be ascribed to the House as a whole because it was for the House itself to be paramount in resolving the long-term issues.

Mr Stan Newens (Lab., Harlow) argued that if the UN became more deeply involved in the negotiations the United States would be free from the necessity of having to act in what was called an "even-handed" fashion.

He declared: "If the United States were to adopt the same *economic sanctions and bring* the same sort of pressures to bear on the Argentine as the countries in Western Europe and the Commonwealth have already done this in itself would make a moral and economic impact which would make the possibility of a diplomatic solution much more likely."

Choosing her words carefully the Prime Minister said Britain believed that Mr Haig had been a very good and an appropriate negotiator.

"But a negotiator must have credibility with both parties to the negotiation. It is in our interests that he should continue to have that credibility."

Mrs Thatcher added that everyone knew that the United States, like Britain, was a democracy.

Mrs Thatcher leaving Downing St. for the Commons yesterday

Pym wins backing of most Tory MPs

By Elinor Goodman, Political Correspondent

MR FRANCIS PYM, the Foreign Secretary, *last night won the* support of a packed meeting of the Conservative foreign affairs committee for the Government's view that Argentina's proposals for solving the Falklands Islands dispute are totally inadequate.

Mr Pym, who was addressing his first meeting of the committee since taking over as Foreign Secretary, was warmly applauded when he repeated that, while the Government would explore every diplomatic option for solving the dispute, it was prepared to use force if necessary.

A united Tory Party is essential to the strength of the Government's negotiating hand, and it was clear at Westminster yesterday that the Government was still carrying with it the great majority of Tory MPs. Virtually all Conservative MPs seemed to agree that the Government was right in preparing counter-proposals of its own.

Behind this general agreement, however, there were signs of differences emerging over how far the Government should push the negotiations, and what it should regard as sticking-points.

Sir Angus Maude, the former Paymaster General, articulated the views of th ehawks when he said the proposals were no basis for negotiation.

He said he did not think the Government could survive if it negotiated a deal along these lines.

Other Tory MPs, however, took a more optimistic view, and welcomed Argentina's apparent readiness to withdraw troops as a sign that progress was being made.

Three speakers warned that the Government would almost certainly have to compromise eventually, and that it would be far better to do so before going to war, rather than after lives had been lost.

Most MPs backed Mr Pym's stress on the need to continue the search for a diplomatic solution, but one or two MPs made it celar they thought military action should not be delayed much longer.

Afterwards, there seemed to be a growing view that the Government should take South Georgia as soon as possible so as to add to the pressures on Argentina.

The criticism from Conservative MPs focussed on the three main issues which the Government has identified — sovereignty, the proposed role *for Argentina in the interim* administration, and the question of the islanders' right to determine their own future.

Some Tories were saying that it was quite unacceptable that Argentina should participate in any interim administration.

'No sport with Argentines' call

SPORTS *organisations should* coll off matches planned ta take place in Britain against Argentine teams, Mr Neil MacFarlane, Sports Minister, urged yesterday.

He said in a Commons written reply: "In present circumstances I would urge British sporting bodies not to complete any bilateral fixtures against their Argentinian counterparts scheduled in the UK, and to refrain from issuing further invitations."

Commons Sketch

The Iron Lady leads with her right to the armchair strategists

FOR A fleeting moment yesterday it seemed possible that the Commons was about to get through Prime Minister's Question Time without dwelling at inordinate length on the Falklands crisis.

The first question, from the unpredictable Mr Tam Dalyell (Lab West Lothian) concerned the appointment of government financial advisers. But, as often happens with Tam, his real complaint concerned something completely different—in this case the Government's decision to sell off BNOC's North Sea oil operations.

These Scottish MPs seem to be resourceful chaps, and Mr George Foulkes (Lab Ayrshire South) soon brought the matter back to the Falklands by asking what assessment the Government's financial advisers had made of the cost of the military operation.

Alter-ego

It seems, however, that when it comes to paying for the task force Mrs Thatcher, the fervent monetarist, is completely dominated by her alter-ego as the Iron Lady.

"I hardly think that particular question is relevant," she snorted.

From that moment on, the waters of the South Atlantic were once more flowing through the Chamber, with Mr Michael Foot, Opposition leader, doing his bit as sagacious statesman and super-patriot, and all the armchair startegists and diplomatists having their say.

Roy Jenkins, the Social Democrat hero of Hillhead, got himself into a verbal tangle when—as far as we could make out—he seemed to be backing a call from Geraint Howells, the Liberal, for the Prime Minister to call in leading figures from other parties to discuss the crisis.

The ribald left-wing scourges of the SDP immediately seized on this as sinister evidence that Roy was already trying to get his foot in the door of Number 10.

With Prime Minister's Question Time out of the way, it became apparent that the Commons has reaped at least one benefit from the Falklands affair.

In the musical chairs following the resignation of Lord Carrington and Mr Francis Pym's appointment as Foreign Secretary, the delightful Mr John Biffen has ended up as Leader of the Commons.

Once again, wit and eloquence are to be heard from the Tory front bench, the first time this has happened since Mr Norman St. John-Stevas was sacked from this particular job.

In his first major appearance in his new role, Mr Biffen had the unpopular task *of forcing through a guillotine* motion to curtail debate on the controversial Employment Bill, which introduces more trade union reforms.

He swiftly proceeded to carve up the Labour front bench with a deftly wielded scalpel. Genially, he congratulated Mr Foot for staying on to hear the debate.

Presumably, he mused, the leader of the Opposition was doing this out of nostalgia. For wasn't he the very man who created a record by bagging five guillotine motions in one blast of grapeshot when he was Leader of the House?

But in those good old, pre-Falkland days, recalled Mr Biffen, Mr Foot could still be mistaken for a radical when seen in suitably subdued lighting.

Just to rub in the message, he quoted from an article Mr Foot had written when he was managing director of Tribune 20 years ago and was having an argument with that formidable right-wing trade union leader, Arthur Deakin.

Special birds

"Trade union leaders are not a special breed of humanity always able to shelter from the rough breezes of democracy, special birds to be protected by special game laws," wrote Mr Foot.

Anyway, suggested Mr Biffen, Labour should be only too eager to abandon its "trial by verbiage" and get the Bill a Third Reading, if only to witness the tantalising spectacle of how the divided SDP would vote.

After that, we had Mr John Silkin, Labour's shadow Leader of the House, fulminating against the legislation as "the worst Bill since the Industrial Relations Act of 1971 . . . divisive and contentious."

Heigh-ho, back to the old politics of confrontation.

John Hunt

Ulster Bill opponents suffer early defeat

BY MARGARET VAN HATTEM, POLITICAL STAFF

OPPONENTS of Mr James Prior's plans for devolved government *in Northern Ireland* have been out-manoeuvred in the first skirmish of a battle expected to last well into the summer.

Mr Prior's Bill providing for the transfer of some power from Westminster was introduced in the Commons yesterday, despite opposition from several Unionists and Tories, who had *pressed for a debate* on the Northern Ireland White Paper *before the Bill's introduction.* The Bill will be published later today.

The opposing faction had hoped to muster a sufficient demonstration of hostility during the White Paper debate to discourage the Government from proceeding with legislation during the current session of parliament.

This would virtually have ended the possibility of any *initiative* before the next general election, after which *the Unionists hope to* be in a stronger position.

By *introducing the Bill* yesterday the Government has committed itself to passing the legislation this sesion, however much hostility may surface during the White Paper debate, which is now expected to be held next week.

Although a small minority of Mr Prior's Cabinet colleagues, including the Prime Minister, are understood to have expressed strong reservations about his chances of success in the province, the Prime Minister is believed to have supported him in moves for the Bill's early introduction.

The Bill is expected to get its Second Reading in the first week of May. The White Paper debate about a week before may take some of the heat out of the second debate and help to shorten it. Nevertheless, *the Government is expecting* some determined filibustering *from the unionists, in particu*lar from Mr Enoch Powell, both during the second reading debate and during the Committee Stage.

Like all constitutional measures the Bill will be taken on the floor of the House. Although the Bill has been kept to a succinct seven clauses to minimise the scope for fili*bustering there is still an out*side possibility that the Bill *may have to be guillotined.*

Labour and the SDP/Liberal *Alliance* have indicated that they will support the Government, and opposition on the Tory back benches is estimated at around 15 to 20 MPs.

This seems to be well within the limits of what the Government is prepared to tolerate, although should the number of rebels rise to around 40 it is possible that the Government *might think again on some of* the Bill's provisions.

Talks on future of Concorde

By Our Political Staff

MR NORMAN LAMONT, Industry Minister, is to have talks on the future of Concorde *in Paris on May 6.*

Mr Lamant told the Commons last night that joint Anglo-French studies had now been submitted to the two governments covering various options for the future of the supersonic jet.

"I shall be meeting the *French Minister of Transport,* M Fiterman, in Paris on May 6 to consider them and other matters related to the future of Concorde."

Guillotine approved for Employment Bill

A GOVERNMENT motion to guillotine debate on the Employment Bill was approved with a majority of 53 (290-237).

Kitson expected to chair defence select committee

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE Falklands crisis has *delayed the work of the select* committee on defence which is *today expected to elect a new* chairman to replace Mr Cranley Onslow (Con. Woking).

Mr Onslow, who has been chairman only since last July, was appointed Minister of State at the Foreign Office after the resignations over the Falklands invasion of Mr Humphrey Atkins and Mr Richard Luce.

Sir Timothy Kitson (Con., Richmond, Yorks.) is likely to be elected chairman at a private session this morning, *which is also expected to dis*cuss how the committee's full *agenda can be fitted into the* remaining weeks before the Whitsun recess.

The committee's main inquiry this session has been into the way the Ministry of Defence spends an annual £6bn on defence equipment. Key sessions involving Mr Geoffrey Pattie and Lord Trenchard, ministers responsible for procurement, were postponed because of the crisis.

FINANCIAL TIMES SURVEY
Wednesday April 21, 1982

International Storage and Handling

The demand for greater sophistication in handling and storage systems is putting considerable pressure on suppliers to adapt their equipment. The application of computers is also bringing a greater integration of these facilities into the total production process.

Exciting times for Cinderella

BY HAZEL DUFFY

EVERYBODY NEEDS handling and storage but nobody wants it. Thus the industry grew up as the Cinderella in relation to the weightier needs in the manufacturing process, leaving sectors such as the storage and distribution of food, drink, mail order, etc to set the pace in developing more advanced systems.

But the past few years have seen a revolution in the approach to handling and storage made possible by the application of computers to integrate these essential elements more closely into the total production process. Although installed automated materials handling systems are still very much in a minority, their contribution to more efficient methods is being increasingly recognised and it is estimated that by 1985 25 per cent of the installations market in warehousing and production units will have moved to automatic or semi-automatic working.

A recent report* on automated systems identified warehouses, cold stores, high volume mechanical and electrical engineering production, food, drink and tobacco, wholesale and retail distribution centres as being the key industrial sectors in this trend. The justification for installing such expensive capital equipment is greatest in the area of identified savings, particularly in wage costs.

The evidence from companies which have put in systems, however, is that there are other good reasons as well. The inventory cost is invariably reduced, quality control improved, there is a considerable reduction in accidents, the working environment is improved and there is scope for increased throughput (which is often the prime reason for installing such systems in the first place).

Most systems have been installed in the U.S. and Japan, where the technical strengths in complex systems are now well established. There is little doubt that once the recession is over interest in the expanding area of automation will manifest itself in investment, particularly in the U.S. where industry is very concerned to catch up with Japanese levels of efficiency.

European industry, the UK's in particular, has been slower to recognise the benefits of such investments, arguing to some degree that it does not have the necessary investment resources but also that until it sees such systems in operation it must remain sceptical about what they involve. In industries which have a high international profile, however, this attitude is changing as it is acknowledged that low-cost production and distribution is the only way to maintain a competitive profile.

Coventry Climax trucks in use at McGregor Cory Warehousing, an Ocean Group company and one of the largest warehousing operations in Britain. Many specialised handling facilities will be featured by 200 exhibitors at the Fifth Storage Handling and Distribution Exhibition which opens at London's Earls Court on April 26

The demand for greater sophistication in handling and storage systems is putting considerable pressure on suppliers to adapt their equipment accordingly and be able to mount a turnkey capability in some cases. This pressure will grow, emphasising that the survivors in the sector will be those which are already adapting to changing demands even if the major part of the market continues to be for more traditional equipment. In the longer term a number of suppliers which sprang up during the expansionary period for mechanical handling equipment may well find that this type of equipment is becoming redundant.

The decline of heavy industry in the advanced manufacturing nations over the past few years has already led to examples of such redundancy. As an example, suppliers of cranes in the UK for steelworks have found their order books almost non-existent. As the emphasis continues to be on capacity reduction in Europe, demand is not thought likely to improve very much, although in both Europe and the U.S. there is still plenty of need for steelworks modernisation.

Likewise, the poor investment record in recent years by ports and railways in the developed world has had adverse effects on the industries supplying them with capital equipment. There has been some compensation, however, in the development of new port facilites in the oil-producing countries, while oil exploration and development in the North Sea continues to provide orders for specialised handling equipment suppliers. Road-to-rail container handling by container cranes is another example of an important area where handling can lend itself to automated systems.

The range of handling requirements of industry (both primary and manufacturing), retailing, bulk material transport like coal, cement, ores, grain, and the like, is so vast and varied that it makes treatment of it as an individual sector impossible. It is a problem that has been confronted by government, for instance, which is anxious to improve the efficiency of industry and distribution by spreading awareness of the benefits to be derived from proper handling, without notable success.

Nearly all handling needs therefore have to be custom-designed if the user is to derive the maximum benefit. From the suppliers' point of view it is ideally a system that can then be adapted elsewhere. Probably the most successful approach is for the handling and storage requirements to be incorporated into the overall development plan of, for instance, a factory or a new coal mine.

Conveyor suppliers to the coal industry have shown considerable innovation in response to the National Coal Board's requirements and it is hoped that these developments can be incorporated in export work as well. Similarly, industries which need to stock a large range of spare parts for after-sales service are frequently leading the way in innovative warehouse designs and successful systems of this type obviously have sales potential beyond their national boundaries.

Suppliers of handling and storage equipment have tended to concentrate on the needs of their national customers, with the exception of the lift truck sector which has been highly international from the outset and has a strong multi-national representation among manufacturers. The advent of automation and computer-controlled movement, however, is changing this rather parochial attitude.

The need to apply electronics expertise across a very large section of modern handling and storage is leading to an expertise being built up which is more of an exportable commodity. In particular, the relatively small number of companies specialising in a turnkey approach must necessarily market their expertise on a worldwide basis.

There is also a growing tendency among suppliers to concentrate more on particular applications. The visitor to an airport almost anywhere in the world, for instance, would notice that the names on conveyor systems, both for passengers and baggage, are "international" suppliers.

There has always been a marked concentration among only a handful of suppliers of certain types of equipment, such as lifts and escalators, which is an international industry. Specialisation seems likely to increase, however, as the resources needed to design and produce advanced systems will require an international customer market.

At the same time, at the other end of the scale, there are numerous suppliers of the conventional and less dramatic equipment, such as pallets, containers, racking systems, etc., which are the staple requirement for the handling and storage needs of large parts of the population in the home, office, factory, warehouse and so on. Likewise, in the storage of bulk materials much of the equipment that is currently used, and will continue to be used, is of a conventional nature.

In the factory, however, there is very wide scope for more systematic approaches to the handling and storage of work-in-progress, components and spares. In its most advanced form this will extend to highly sophisticated methods in, for instance, the transport of components for machining. The introduction of flexible manufacturing systems, mostly in Japan and the U.S., which integrate with automatic handling herald a great change in an area where manual labour has predominated.

Although the primary aim of such systems is to secure more efficient production methods, the implications for handling equipment are not to be overlooked. From the point of view of the systems that are becoming available this is one of the most exciting periods for the industry.

** Automated MH systems. Working group report to the British Materials Handling Board, £5.00.*

CONTENTS

The hoist and crane industry reorganises after two bad years

Market shows signs of recovery

THE UK crane and hoist industry has suffered badly during the past two years, with some companies' output falling to around half the level experienced in late 1979. But there are signs of slight recovery in some sectors.

Lack of new investment, particularly in the mechanical engineering industry, and the overall failure of companies to replace outdated lifting gear are cited as the main causes of the depressed market in the medium- and light-weight range.

The heavy crane market has been hit by the virtual halt in this type of investment by the British Steel Corporation and a decline in the number of heavy engineering projects, although some optimism about this sector is now being expressed.

The recession has also led to continued rationalisation within the industry, with Norcros having regrouped a number of manufacturing activities within its subsidiaries A.B. Cranes of Telford, John Smith of Keighley, and Adamson Butterley Engineering of Ripley, Derbyshire.

J. H. Carruthers of East Kilbride, Scotland, has been sold by Burmah Engineering to a syndicate of financial institutions, with its former managing director, Mr William Cowan, returning from retirement to head the company again.

Mr Cowan says that there is now "a glimmer of light" in the UK market and the company's order book had lengthened to around six months, with further good prospects in the shipbuilding, construction and motor industries.

This recovery from a very serious position at the end of last year had been assisted by improved demand from the Middle East, while the company's acclaimed Monobox crane design remains a valuable asset in the longer term, adds Mr Cowan.

Another notable development has been the management buy-out of Mattersons of Rochdale, with Mr Kelvin Matterson, the managing director, leading the way to the conclusion of a deal for an undisclosed sum with the former owner, William Hudson. Finacial assistance was provided by the Industrial and Commercial Finance Corporation.

Mr Matterson says that no major changes are planned following the recently completed sale, since the workforce had already been virtually halved during the past two years and now numbers around 150.

Output at Mattersons is now around two-thirds the level of two years ago. Its main products remain overhead travelling cranes up to around 50 tonnes, wire rope hoists of up to 32 tonnes and lifting jacks of up to 40 tonnes.

Updated

Mr Matterson says the UK market for the company's products is now fairly steady and that there are signs that previously delayed investment schemes are going ahead. But there is little sign of any sharp improvement in demand.

The major forces within the industry remain NEI Clarke Chapman Cranes, particularly at the heavy end of the business, and Herbert Morris, the Davy Corporation subsidiary which spans a wide spectrum of products, some updated or replaced recently.

Herbert Morris has also completed a reorganisation of its sales outlets, having established around 150 locally based lifting gear operators as suppliers of its products. Last year the company introduced a new electric chain hoist in the 125 kg to three-tonne range, which it believes has made some impact on the market.

The company believes that the lighter end of the market, where it is particularly active, is now showing signs of improvement while demand for hand hoists has held up reasonably well during the recession.

In the middle range the market for electric overhead travelling (EOT) cranes has been very weak and price competition severe, with many companies selling at cost to retain their work forces, Morris suggests.

At the heavy end of the market the company has set its sights on four main areas; steel plants, power generation, shipbuilding and container handling. In the first the prospects for UK sales seem bleak but the company is bidding for work on a number of overseas steel projects, notably in India and other developing countries.

On power generation it is encouraged by the UK's nuclear power station programme and the demand it will create for heavy lifting equipment, while the recent success, in relative terms, of UK shipbuilding, is seen as a potential area for growth.

Finally, on container handling Morris accepts that there remains a considerable amount of excess container handling capacity in the UK and Europe but believes that will not last and sees opportunities here. The company has recently installed two container stacking gantries at a container marshalling area at Ipswich, Suffolk.

Overall the company is more firmly committed to heavier type of equipment, with around 50 per cent of its turnover coming from this sector and about the same from its light and medium-range activities.

Stothert and Pitt of Bath, a specialist in dockside cranes, has recently won an order worth around £5m to supply eight 10-tonne cranes and one 25-tonne crane for Calabar Port in Nigeria. It has also been concentrating on specialised crane work for offshore oil platforms—as have a number of companies—particularly in the North Sea.

The company says this has been an important area since it involves higher technology work, with specific requirements by customers on safety and performance, giving higher added value to the product. Stothert and Pitt has 12 such cranes on order for the North Sea and other parts of the UK.

Major force

Mannesman Demag, the German-owned company based at Banbury, Oxon, remains a major force in the crane and hoist market, with its wire rope hoists ranging in capacity from one tonne up to 80 tonnes and its cranes, many of them custom built, going up to around 150 tonnes.

A mobile hoist at work at Cawley Marine Industrial, of Twyford, Reading

"Our experience is that the whole of the UK market, from light hoists to heavy cranes and even fork lift equipment, has declined fairly evenly over the past two years and demand is now around half the level experienced in late 1979," says the company.

The result of this, it is suggested, is that suppliers have cut margins severely and in some cases the quality of products is suffering as a result of the use of cheaper components, with safety implications for the long term.

Demag also points out that since most companies have only one EOT crane serving their manufacturing activity they are highly dependent upon its reliability, so the consequences of a long period of down-time for repairs could be serious.

During the recession Demag has embarked on a programme of product improvement, concentrating on consolidating and simplifying design, with the aim of reducing maintenance requirements.

The company has also expanded its manufacturing activities at Banbury, where all its UK products are manufactured with the exception of motors and other minor parts which are mostly supplied from Germany. The workforce is around 250.

Demag has seen a slight upturn in demand in recent months and believes there will be a slow but steady increase in demand this year. This appears to be the consensus of the industry. Many companies cautiously point out, however, that this recovery is in their view by no means certain and could be halted by a number of economic factors.

Lorne Barling

Consumer sectors pose special problems

New UK handling systems needed

HANDLING a high volume of goods in such consumer industries as food, drink and retailing generally poses special problems for equipment manufacturers and operators alike. But with the pressure on margins in these areas it is one management activity where companies are increasingly focusing their attention.

The need for companies to do so was spelt out by an official industrial report for the food and drink industries which suggested that "the evidence indicates that the major areas of technical weakness, in terms either of inferiority or absence of UK machinery, lie in the meat, brewing, soft drinks, biscuits, chocolate, confectionery, ice cream and oils and fats sectors."

In margarine production, for example, it was suggested that machinery suppliers need "increasingly to be able to offer complete systems of machinery whether based on the use of the paper wrapper or the plastic tub." The report added that "a complete line, not an assortment of machines from different sources, is what the customer wants."

In the meat sector the report pointed out that much of the primary processing is along a conveyor system. It discovered, however, that processors preferred Scandinavian machinery because such equipment linked together to form an integrated and highly automated system.

If UK sources had been used the purchaser would have had to undertake the design and project management himself, it was discovered. Consequently the report recommended a much closer relationship at an early stage between food processing companies and machinery suppliers to help develop UK mechanical handling systems.

In the broadest sense mechanical handling in the food industry encompasses all stages from the farm to the consumer. In these terms the industry is one of the largest in the country and, as may be expected, there are as many different ways of meeting mechanical handling problems as there are companies.

A prime example of mechanical handling in the industry is given by the Bejam frozen food group. Bejam has some 180 freezer food centres throughout the UK. Keeping up to 500,000 shoppers a week supplied with packs of frozen grocery products imposes a substantial strain on Bejam's mechanical handling, storage and distribution systems.

Cold storage

Freezer food centres south of the Thames and across to Wales are served by a 34,000 cubic metres cold storage depot at Frimley Surrey. This is unusual, in cold store terms, not just for its sheer size but in its use of five levels of racking to pack as much as possible on to a given floor area.

Bejam uses a flexible pallet system which helps ensure that racking is used to full advantage. Operations are planned each day to minimise interference between the high-speed high-lifting fork lift trucks used.

Efficient mechanical handling of the materials used in drink production is as important for Britain's beer, spirits and soft drinks producers as it is for the food industry in general. With such a high volume and bulky operation, profit margins are traditionally low—thus making it vital to obtain the most effective throughput of materials.

Unfortunately for British engineering companies many UK drink producers over the past decade have been forced to look abroad for their materials handling machinery to ensure that costs were kept to a minimum and efficiency maximised. In part this reliance on overseas machinery was forced on the brewers in particular by the rapid growth in demand for lager throughout the 1970s.

The rapid swing to lager led to a bunching of orders for production vessels which UK sources had been unable to meet. But the problem with lager production is that the production process also requires longer storage times—and therefore greater capital costs—than traditional beer production.

The lengthy process of lager brewing—from malting to bottling—has meant an intensification of brewers' efforts to improve materials handling. In the brewhouse, for example, mash filters and "lauter tuns" are being introduced which lead to significant increases in the number of brews which can be achieved in a day.

Perhaps the most significant development in lager equipment has been the introduction of cylindrio-conical fermenting vessels to replace the traditional square or horizontal types. Since lager production involves bottom fermentation using yeast which sink to the bottom of the vessel rather than rising to the surface, cylindrio-conical vessels allow the yeast to be separated out from the bottom.

In the retail sector in general, warehouse storage and handling is increasingly seen to be as important an area as marketing. But the way retailers deal with their warehouse problems varies considerably.

Palleted goods

Fine Fare, for example, has its warehouses laid out along conventional lines with palleted goods on four-tier racking, with the floor and first tier levels being used primarily for despatch and the two upper tiers for holding replenishment loads for the first two levels.

Storage of bulk goods is either in blocks or in drive-in racking. Warehouse staff responsible for filling dispatch orders have long-fork electric trucks which carry two roll pallets. Removal of goods is carried out from side to side of the tier being used, thus providing a one-way system and obviating congestion.

J. Sainsbury makes use of sophisticated computer analysis to help its warehouse operations. Computer printed forms give details of goods due in each day. Arrivals, mainly on pallet boards, are unloaded by pellet or "reach" truck, checked for quantity and quality and then stored.

The essential point about all retail systems, however, is speed and flexibility of operation when dealing with the high volumes of goods handled by a large multiple group.

David Churchill

Hazel Duffy looks at the lift truck sector hit by recession and automation

More stress on value for money

THE PAST year has been probably the most difficult of any experienced by the lift truck industry. The major influence is the recession, which has reduced demand for capital equipment throughout the industrialised world. The users of lift trucks have frequently tried to squeeze a bit more life out of their existing equipment and postpone the date at which they make a replacement purchase. Prospects for recovery look weak at least until next year and even the more optimistic predict that the recovery will be slow.

Another important influence on future demand levels for lift trucks is the place of the product in changing methods of materials handling. Automated warehouses in particular are already affecting demand for lift trucks adversely. There is every prospect that this solution to storage needs will become increasingly popular, largely cutting off what has been an important market for lift trucks.

In the factory the future will also be increasingly dominated by assembly and manufacturing methods which will require sophisticated movement of goods and materials. Driverless tractors, guided trucks and fully automated aisle stackers are all products of the future which were shown at the materials handling show in Paris recently.

The lift truck, however, retains its reputation for being *a highly flexible vehicle for* moving goods, materials, components, etc., around factories, warehouses, ports and many other areas of work. Flexibility, including the means to be used in and out of doors, outweighs the relatively high cost of operating lift trucks. Efforts are being made continuously to increase the productivity of lift trucks, by making them more efficient as well as more acceptable environmentally, in the battle for the lift truck to win out over handling methods.

The industry has been aware for some time that the days of demand growing year on year have long since passed. In the industrialised world demand is almost entirely for replacement, which in conditions of recession has led to dramatic falls in some markets. Most European markets have fallen by 15 to 20 per cent in the past couple of years, a situation which has meant that suppliers are competing at very large discounts to list prices.

Inevitably the market situation has led to some rationalisation, although surprisingly not as much as has been predicted by some experts. The multinationals have all survived, although some would have been happy to offload their lift truck interests if they could find buyers. Those manufacturers whose activities are predominantly in lift trucks have been forced to re-assess their tactics in the face of substantial world overcapacity.

Low priced

Hyster, the U.S.-based group, has employed the most cost-efficient methods of design and production to launch a low-priced lift truck taking on the Japanese. This is the Challenger which has a starting price of under £9,000. Produced in a highly automated plant in Northern Ireland, built at a cost of £25m, the truck is reported to be selling well. Other manufacturers, Clark Equipment, for instance, have introduced new models where the emphasis is on high levels of reliability, ease of service, and low operating costs, which are key features in the consideration of the customer.

Despite the severity of the recession the multi-nationals find themselves continuing to compete against nationally based manufacturers which have been fighting hard in Europe to maintain their market shares.

There has been some rationalisation; in the UK the pressure of imports in recent years and the early onset of the recession has been very damaging for the indigenous suppliers as well as the international companies based there.

The two broad-range manufacturers—Lansing and Coventry Climax — have rationalised extensively over the past year and are now owned by the same person, Sir Emmanuel Kaye, following the sale of Climax by BL. Sir Emmanuel intends that the companies shall be run *independently*, however; the rationale for the purchase lies in maintaining a strong British-owned presence in the industry.

The problems for this sector of the industry is to increase its international sales — in recognition of the fact that the UK is unlikely to be able to support an industry of this size on its own. LancerBoss, the other major supplier, came very close to buying Climax as a means of increasing its product range. Now it is likely to form a joint venture or some type of association with another European company to strengthen its product and market range.

Numbers cut

The chairman of LancerBoss, Mr Neville Bowman-Shaw, predicted recently that the underlying unprofitability of most of the industry will force much more rationalisation in the near future. He maintains that 56.5 per cent of the world market is accounted for by 20 manufacturers, the rest being split among more than 200, and predicts that the numbers will be reduced progressively until by 1990 10 manufacturers will account for 70 per cent of output.

Few experts would want to line themselves up with so specific a prediction but there is little disagreement that the industry will become more concentrated into a core of major suppliers. Just which companies these will be will depend to some on the willingness of interventionist governments to maintain a presence in the industry and of multi-nationals such as Caterpillar and Eaton to continue supporting an activity which at the very least must be making a much smaller return than their mainstream interests.

Japanese lift truck companies seem to be in the process of consolidating their market share in Europe. In some markets, that is France, where domestic suppliers notably Fenwic, are dominant, that share is still no more than 10 per cent; but in the UK it is at least 15 per cent. Fears that the Japanese would swamp the European market as they have other sectors have not yet been confirmed. In the UK market the competitive pressures in the past couple of years have been considerably greater from West Germany, to the extent that imports now take between 40 and 50 per cent of sales.

As the automation era dawns in certain areas of manufacture, the need for the traditional *counterbalanced or reach truck* for a huge variety of movements will still be there. Nearly all suppliers report that the going is tough, though small specialised manufacturers find that they continue to satisfy their customer requirements. Many customers, for instance, are able to meet at least part of their handling needs with low-priced pedestrian operated trucks.

The lift truck industry has shown itself in the past to be technically innovative ; and strong on marketing. The question now being put is whether some manufacturers' trucks—at least in the standard ranges—have not been over-engineered. The success of companies like Toyota and Mitsubishi, which have concentrated on good basic models, has reinforced this view among some European and U.S. companies. While the recession continues to bite the emphasis can be expected to be increasingly on value-for-money.

The flexibility of lift trucks has always been one of their strongest selling points. The Hamech Ransomes L (above) is one of a breed of fast and manoeuvrable electric trucks

BMHB's chairman Sir Jeffrey Petersen

BMHB widens its net

MATERIALS handling is frequently an afterthought on the part of industry yet the economies that can be achieved with methods that have been properly planned can be substantial. It was in recognition of this fact that the British Materials Handling Board was set up by the Government in 1979. Its brief was "to encourage industry at all levels to become more aware of the importance of the economic, environmental and health advantages of greater efficiency in the handling of industrial materials and finished products of all kinds."

Founder members of the board included British Rail, the Post Office, Boots, the Ministry of Defence, BP, Woolworth and other large organisations. Contributions from these members, and some Government money, have kept the modestly staffed board going.

Now it has been decided that the board needs to widen its appeal to a much wider range of potential members who would provide all the operating funds, thus releasing it from any Goverment funding. On March 1 the board appointed its first chairman, Sir Jeffrey Petersen, a retired diplomat, to coincide with the commitment to expand into the problems posed by materials handling for a larger cross-section of industry.

Sir Jeffrey says the board's aims must be to "stimulate demand" for materials handling and, where possible, to see that customers use British suppliers. The first meeting of the new board, for instance, brought together some of the major retailers and two manufacturers of hanging garment equipment to discuss the needs of the retailers and their reasons for buying imported equipment.

Initiative

The Board aims to coordinate some of the work on handling which is being done in various organisations. The National Economic Development Office, for instance, has taken a look at sortation problems for the Post Office and the requirements of the British Airports Authority, following the Board's initiative in raising the subject of their future needs. On a completely different handling problem—the packaging of bricks and plasterboard for the construction industry—the Board has managed to get the employers' body of *the building trade to gather* views from across the industry.

The difficulty for any such body in materials handling is the very wide field of activities involved. The research and development working group of the Board (which, like all its other activities, operates on a voluntary basis) has therefore concentrated on a few selected and narrow technical areas within the field.

Examples of studies being undertaken by various subgroups include: pneumatic handling of bulk particulate materials such as grain, coal, etc.; a campaign aimed at recommending a British Standard transit packaging label; production of a guide defining physical properties of bulk solids; a survey determining the nature and magnitude of the problem of dust control associated with ship loading and discharge—

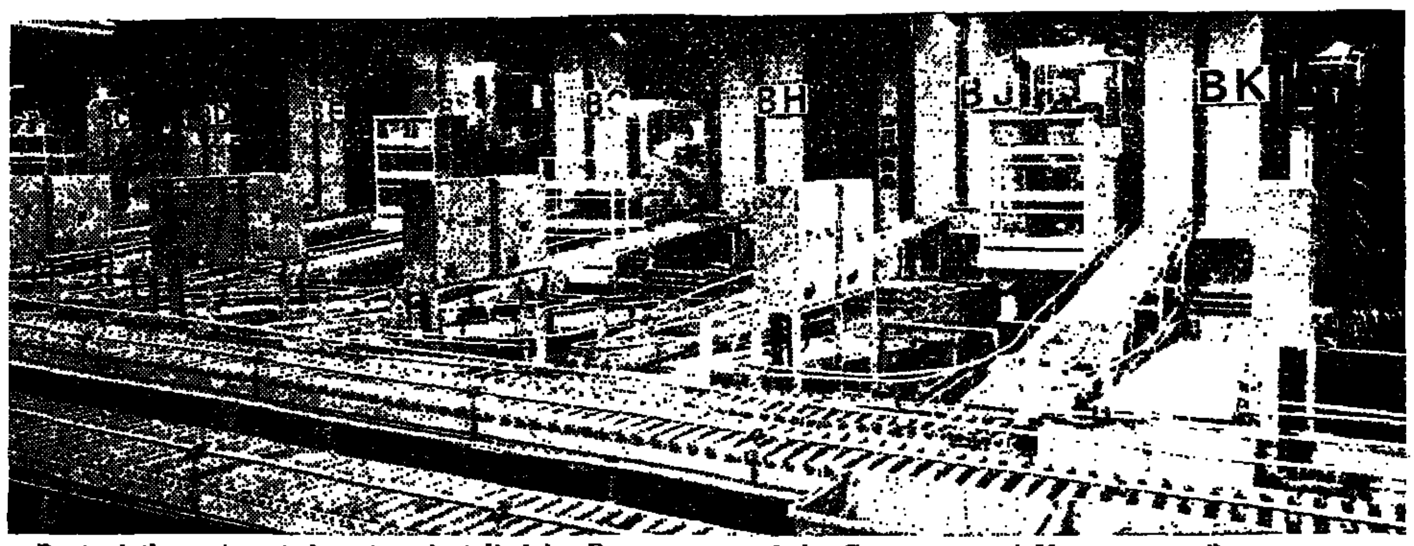
Materials handling and storage is an area where British manufacturers were well able to provide the solutions in the 1950s and 1960s. Increasingly over the last decade, however, manufacturers and distributors have gone abroad for their systems and equipment. The task of the Board is to attempt to reverse this trend and at the same time make industry much more aware of the advantages that can be gained from efficient methods.

The address of the Board is: IPS House, High Street, Ascot, Berks.

Hazel Duffy

Automated warehousing plays a key role in giving good customer back-up

Europe catching up in storage



Part of the automated system installed by Demag, part of the German-owned Mannesmann Demag group, for the small parts store of Volkswagen's new stores complex at Milton Keynes

AUTOMATED and semi-*automated warehouses* are becoming an increasingly important feature of well-planned storage and distribution systems in factories and individual warehouses. In the ideal state they will form part of an integrated system of highly automated assembly and manufacture. But most are being installed inde*pendently as a result of expan*sion of activities or simply because there is a need to replace the existing system.

The majority of installations have been in the U.S. and Japan but European manufacturers and distributors are recognising the value of systems which can afford more efficient storage and retrieval. The problem is, of course, that they are expensive —a custom-built parts storage system for an automotive distributor, for instance, costing perhaps £½m.

An example of a highly sophisticated warehouse system for the mail order companies in the British Mail Order Corporation was designed and engineered over a number of years to bring together the latest in equipment and systems control. The Martland distribution centre near Manchester was opened in 1976 and three years later the high bay project, an integral part of the centre, came into being.

The entire flow of goods through the centre is controlled by computer; delivery vehicles are directed to specially designed receiving bays for unloading by telescopic conveyors as well as fork lift and hand pallet trucks; the merchandise is placed on pallets and moved to the high bay storage and retrieval area; after being checked by computer that *it is within the weight limits of* the storage system, the pallet proceeds to one of the ten aisles of 66-ft high racking; it is then routed via a spur conveyor to a crane pick up point which takes the pallet to be stored in a selected position.

When required the crane transports the retrieved pallet to the output conveyor system, situated 39 feet above ground level, and it is then tracked for the rest of its conveyor journey in the same manner as the input system, feeding into the packing department. A number of companies supplied equipment to the overall system, where the consulting engineers were Merz & McLellan, the National Materials Handling Centre and a systems consultant.

The Turin-based Fata group, part of Babcock International, *has been involved in a number* of automated and semi-automated warehouse installations. In the UK for instance, it has put in several systems at the Leyland truck plant, and also at the Solihull plant for Land Rover, where a fully automated storage and retrieval system complements a high level of automation in the assembly area. Fata was also responsible for IBM's storage system at Greenock and has done a number of automotive installations on the Continent.

Demag, part of Mannesmann Demag, the German-owned group, has also specialised in putting together automated and semi-automated warehouses. It has put in 56 in the UK since 1969: installations this year include spare parts warehouses for Heron Suzuki GB at Crawley and Saab Cars at Northampton. Other recent installations include a £½m bulk paper store at Battersea for Her Majesty's Stationery Office and a £½m system for Caterpillar at Desborough.

The most sophisticated warehousing systems are a fascinating combination of computerised control and unmanned equipment. But for many customers a combination of manually operated stackers, acting on the instructions of a computer, will bring the required improvements in inventory control and increased efficiency in meeting their customers' requirements, at a lower cost.

The growing emphasis on a manufacturer having the reputation of offering good back-up services has made advanced methods of storing and retrieving parts an essential element in *maintaining international* competitiveness. Few manufacturers who have to answer urgent calls, perhaps from overseas, for vital spare parts can afford to ignore some element of computerised control of storage. As well as reliability it offers savings in manpower and overall improvements in efficiency.

This is not to say, however, that there have not been disappointments with some of the systems that have been installed, and most operators find that there are some snags to be ironed out before they are fully confident about the system. The target of the designers and equipment suppliers must be to ensure that as more of these systems are put in the drawbacks will be eliminated.

H. D.

International rivalry grows in the market for heavy handling equipment

Dinosaurs have their day again

COAL'S resurgence in the developed countries is spawning new breeds of heavy handling machines which loom over the industrial landscape like dinosaurs.

Heavy and cumbersome, they seem to make up in size and weight for their lack of complexity; obsolete monsters in an age of micro-technology.

Nothing could be further from the truth. Far from facing extinction, they are in increasing demand. Thanks largely to the revival of coal and the need to transport it huge distances over land and sea.

Every stage in the mining, transport and use of coal, both for power generation and for industrial heat, calls for equipment which will minimise the inconvenience of a fuel which is solid, bulky, and dirty.

Wherever possible, coal users look for equipment which handles it as though it were a fluid. In the U.S., for example, coal is pumped from the mines through pipelines in the form of slurry.

Labour costs

At the user end, too, it is made as fluid as possible, either by being ground to a fine powder which can be blown through pipes into furnaces, or fed in heavier consistencies to furnaces by pneumatic pressure.

At all stages of the movement and handling of coal, a high premium is placed on the need to be as automatic as possible, thus whittling down labour costs.

Some of the new equipment is provided by companies which are traditionally linked to the coal industry. This is true of the conveyor belts and the surface systems used to stack, blend and load coal.

In other cases, such as the pneumatic handling systems for factories or at the dockside, coal is being moved by technologies originally developed for moving other materials, such as sand or gravel.

In the past 12 months, the demand for equipment at all stages in the use of coal has been on the increase, stimulating international rivalry between large established companies and presenting opportunities or innovative entrepreneurs.

The rivalry for this market also reflects the traditional strengths of different countries' mining or engineering industries, as well as their engineers' native flair.

British companies, for example, are at least as good as their overseas competitors when it comes to making conveyor belts. Their expertise was evolved underground in the British coal fields and has ensured them healthy overseas markets for handling coal as well as other minerals.

In the field of heavy reclaimers and stackers, British companies tend to be overshadowed by competitors who have perfected their designs in large open-cast mining industries, such as that in West Germany. Consequently, even the National Coal Board, which tries to buy British wherever possible, has sometimes favoured equipment incorporating foreign designs.

There are signs, however, that this foreign dominance is coming to an end and that wholly-owned British companies could soon be winning a greater share of orders for pit-head installations in Britain.

Where British companies have an indisputable lead at present is in devising the pneumatic handling equipment on offer to factories which want to switch to coal. One reason for this may be that British industry has continued to burn proportionately more coal than factories elsewhere in Western Europe. But this alone does not explain the British lead, which must also be due to individual engineering skills.

In the conveyor field, the leading British companies are Anderson Strathclyde and Cable Belt, with overseas manufacturers led by Krupp of West Germany. Krupp designed the world's longest overland conveyor belt, capable of shifting phosphates 66 miles across the Spanish Sahara. [It is currently believed to be out of action because of political instability.]

However, Cable Belt, based at Ripley, Derbyshire, is now making the longest and second longest single flight conveyors in the world for an Australian bauxite handling system. They are 18 miles and 12 miles long, respectively.

The company sees its most promising markets as the South African and Australian coal industries; Zambia's copper industry; and Australian bauxite.

A subsidiary of the Laird group of companies, Cable Belt says it made a "comfortable" profit on last year's £50m turnover. However, to maintain its position it has found it necessary to instal facilities to enable it to carry out the final stage of assembly in the customer country.

Cable Belt's rivalry with Anderson Strathclyde will be tested in the twin drift mines at the Selby coalfield in Yorkshire. One of the mines will have a nine-mile-long conveyor supplied by Cable Belt; the other's conveyor will be supplied by Anderson.

Other breeds of equipment will be needed to support the growing international maritime trade in coal. A feature of the new coal ports will be machinery to load and unload ships continually, instead of the slower and more familiar grab systems.

One of the first continual ship unloaders has been ordered in France for the port of Dunkirk. The British company which is working hard to meet this market is Babcock-Moxey, part of Babcock International, based at Gloucester. It has designed a continuous unloader, consisting of a bucket wheel applied to an elevator capable of emptying a ship at two and a half times the speed of a mechanical elevator.

New projects

Babcock-Moxey is also one of a number of British and European companies which have supplied surface handling equipment to the National Coal Board for its large new projects in Yorkshire and the North East. In 1980-81 it also won valuable contracts at the Hong Kong Castle Peak "A" coal-fired power station; and at Australia's Hay Point coal port. Other handling systems are being designed by Babcock for the Mexican fertiliser industry and for steel works in Brazil.

However, it is frustrated at not winning even more fabrication work in the UK. In 1980, it assembled about 1,000 tonnes of steel compared with its capacity of 2,500 tonnes.

Babcock's UK competitors are led by Adamson Butterley, a subsidiary of the broad-based Norcros group, and Bristol-based Strachan and Henshaw, owned by Dickinson, Robinson.

Adamson Butterley has supplied a continuous grab type ship unloader for the British Steel Corporation's works at Redcar. With an 1981-82 turnover of about £10m, Adamson claims to be making a slight profit and to have about two years work on hand. However, it admits that it would be in difficulty without the orders from the National Coal Board, including contracts for half the surface handling equipment at Selby.

However, some of the prize NCB contracts have recently gone to the UK subsidiary of West Germany's PHB Weserhutte. Early this year, it won the contract for two circular blending beds for the Coal Board's Grimethorpe Project. Although one of the British companies' designs was as good if not better than PHB's, the latter's price was substantially lower.

This was mainly because, having a lot of experience in this equipment, it did not have to include the design costs, which are about 10 per cent of the total. Four-fifths of the work will be carried out in the UK.

However, the high quality of British companies' designs makes it likely that in future fewer of these prize contracts will go abroad.

Maurice Samuelson

A circular coal blending system designed by PHB Weserhutte, like the two it will supply for the NCB's Grimethorpe Project

Italy sees yet another major advance in car production

Fiat's robots take on engine assembly

THE LAUNCH of the "Robogate" system to build Strada car bodies at Fiat's Rivalta plant in the late 1970s "may be seen in history as the beginning of the end for the production line," Sig Paulo Scolari, the company's technical director, observed late last year.

With Robogate arrived a system whereby a central computer controls trolleys which deliver body panels to several robots grouped around a "gate" where the car's body is welded together and the robots made to work as a team.

Sig Scolari was speaking, however, after the unveiling of yet another major step in robotisation—one which is revolutionising Fiat's approach to its handling of manufacture of the other principal car component—the engine.

The LAM (standing for asynchronous engine assembly) system which went on stream at Fiat's Mirafiori plant last year dispenses almost entirely with the conventional engine production line. That it has not disappeared completely is due to the fact that the engines currently being built were not specifically designed for the process. But the coming generation of engines is being based on a modular design principle which will allow a wide range of engines to be built by robots under the control of computers.

LAM cost Fiat between £8m and £10m to develop and instal. Like Robogate it depends on computer-controlled trolleys moving components for assembly to work stations. The trolleys, 37 of them moving on a track 5 miles long, serve 10 islands each consisting of 12 work stations. Eleven are used for production, the twelfth for rectification.

Assembly on the current engines is carried out by workers. But space has been left for robots to replace them when the new engines are introduced.

Each trolley collects a magnetic card bearing instruction for which engine version is to be built, then picks up the blocks and crankshafts for two engines to be delivered to the first work station. Each "island" of work stations is controlled by a micro-computer which receives its instructions from three central computers overseeing the entire system.

As each assembly operation is completed, the trolleys whisk the engines to the next phase.

Because the work stations at each island carry out the same tasks, workers can go at their own pace and even take a break without disrupting the process, as would happen on a conventional production line.

Bottlenecks

There are still potential bottlenecks in the four transfer lines used for a series of simple operations such as the tightening of cylinder head bolts. But these too are disappearing.

The benefits of such a system have already become apparent. In full production, just 350 workers are required to build 1,500 engines a day on a double shift.

Most significant, however, is the great flexibility of the system. That has become really important because of the tremendous number of versions of one particular engine which a manufacturer is required to build in order to meet varying exhaust emission and other legislation and market preferences.

In the case of the engines being processed by LAM some 110 different versions are called for. Before LAM the speed of the entire production process was necessarily geared to the most complex and expensive version. With LAM ,hat is no longer necessary.

There is little prospect of this level of complexity in specification decreasing. On that basis, says Fiat, the computerised robot control of this major aspect of car manufacturing is not so much desirable as necessary.

The system was developed by Comau, Fiat's industrial equipment and planning subsidiary. Comau already has a well-established arm for selling its technology elsewhere in the industry.

It has been talking to other manufacturers interested in taking the LAM system, although so far no completed sales have been announced. But given other side benefits of the system, such as a halving of engine rejection rates, it seems unlikely either that it will not find purchasers or that other manufacturers will not develop their own technology along the same lines.

Meanwhile Fiat is pressing on with further steps in automatic handling of its production processes. These include a seeing robot which is being used initially to bolt hinges to Strada doors and designed to do the job in 18 seconds against 48 seconds by hand.

But that, suggests Fiat, is just a first step. The seeing robots will move on to perform much more complicated tasks.

This year about 100 robots are being added to Fiat's core of 300. To the Robogate "gates," for example, are being added slides for yet another set of robots to work. These will allow the bodies of two entirely different cars to be built at the same "gate."

John Griffiths

GARDENS TODAY

Shrubs—a list of winners

BY ROBIN LANE FOX

HAVING NAMED my top ten alpine plants last week, I have been asked to name my top ten garden shrubs.

The request comes from a reader, who may not be very interested in planting what I suggest. He has a list, he says, which Arthur Hellyer once published of his own top ten, and he would like to know where, if at all, we agree.

This puts me on my mettle. I do not recall the Hellyer list, and I have no indication of its date. It might go back before my lifetime, let alone my interest in garden plants. I will assume it was earlier than, say, Potentilla Red Ace, but not so early as Hypericum Hidcote (the 1930s). I will also assume that it only picked plants which will grow equally on acid soils and lime. That excludes Camellia Donation, white rhododendron, Loderi and all manner of pale azaleas. But it keeps me on the ground which I know best.

The winner, for my money, has to be the Philadelphus. I am not choosing plants which, ideally, we would all like to grow well. They must be easy, on my definition, and hardy in all but the worst of the recent winter. I have never killed a Philadelphus or Mock Orange Blossom, and I doubt if any sensible gardener could. I want it, of course, for its heavenly scent, as powerful as a tangerine's in late June and July, when the bushes are covered with their white flowers.

No variety is less than good, but perhaps I should name the broad, single-flowered Belle Etoile as my favourite. The cupped flowers have a purple stain in their centres. Prune them all as soon as they have flowered, and use them wherever you can.

They are hard-pressed, however, by many viburnums and here, too, scent tips me in favour of the winter-flowering form, called Bodnantense Dawn. Its season is long and its vigour is beyond question, as it flowers during quite sharp frosts. About 7 ft high and 4 ft or 5 ft wide, it is a hardy shrub and its white flowers, again, are touched in the bud with pink. The scent is slightly peppery, and nearly makes me want to sneeze. But it grows almost anywhere, and multiplies by young suckers.

Excluding the small shrubs, I would turn next to one or other of my favourite buddleias. I hope the bad winter has not scared you off the most elegant garden form, the lavender-blue flowered variety, with grey leaves which sells as Fallowiana Lochinch. With the slight shelter of a south or west aspect, the bushes I know all seem to be alive somewhere down their clutter of dead wood.

If you rule this one out, I would take Alternifolia instead, the variety with long, drooping wands of pale lavender flower in July. It will grow as a small tree or against a wall. I prefer them both to the coarser autumn hybrids.

It will take more than one weird winter to shake my love of Ceanothus, too. Here, the older plants in my area seem to have died, every one of them. But new ones grow quickly, and, although I change my favourites every three years or so, I would take the deep blue Cascade for a warm wall, because its flower is so profuse and the colour so pure. To atone for its tenderness, would give fifth place to variegated Dogwood, or the form of cornus alba with the longest name in the list. This marvellous shrub will mix with anything and even redeems the coarser sort of purple foliage. I like it best in half shade, competing with wild flowers, but it is a good foil to the old-fashioned roses in full sun. It appreciates a rich soil.

I would have to name a hydrangea and, now that I know how it likes lime, I would choose the huge felted leaves and big heads of blue-white "lace caps" of flower on the form called Villosa. I grow it on an east wall, where it survived the winter, as did other young ones on open ground. It is a strong, rapid shrub of great quality, a first choice for any shaded wall. Sometimes the frost touches the leaves in spring, but the effect is only skin-deep, and soon disappears.

I now realise the hopelessness of my task. Dozens of shrubs press equal claims and I would like, at some point, to be sure of agreeing with my senior colleague. Would the Hellyer list have run to a Deutzia, and what about those violet-flowered Abutilons which he likes in his southerly garden but which have died twice in the last five years on my Oxfordshire slopes? I had better have an evergreen, and scent once more inclines me to the indestructible winter flowering Mahomia Japonica, whose sprays of acid yellow flowers smell deliciously of lilies-of-the-valley. It grows anywhere, but, if you treat it well, its leaves wear a marvellous bloom.

We must, surely, have a lilac and I will take the sky-blue Firmament, single-flowered but an ethereal colour, which flowers in huge trusses. The scent, again, would run far and wide, as it does off the common but necessary Ribes. The blood-red King Edward form is not the only good one, and I am tempted by the pale Tydeman's white. But it has such a richness of colour that I forget its commonness and confess to a love for the scent of young blackcurrants, which rises from its leaves in spring. It, too, will grow anywhere, in sun or shade.

I am avoiding the low-growing shrubs, partly because those glorious cistus are not always hardy. I am short of autumn colour, and bow to my family's taste in dropping, after argument, the cut-leaved Golden Elder. But Rubus Tridel Benenden is too elegant in flower during May and too fresh in leaf and stem thereafter for me to leave it out. It is another white, I grant you, but this distant child of the bramble is so firm and strong that I would want it in any light position.

Last, but in no way least, I round off with a magnolia. White again, the pure form of soulangeana called Alba wins over the open-petalled flowers of stellata, and its many hybrids. This is the one with the long flowers, like white candles all over the bush before the leaves appear. This spring, it has been a miracle, ignoring all the recent snow and coinciding with a warm break in the weather. Whatever you think of my white and scented nine before it, you surely cannot exclude this exquisite shrub from the list.

FT COMMERCIAL LAW REPORTS

Interest-free commercial loan not a 'settlement'

INLAND REVENUE COMMISSIONERS v LEVY
Chancery Division: Mr Justice Nourse: April 6 1982

WHERE A shareholder makes an interest-free loan to a company for ordinary commercial purposes and not for altruistic reasons, the transaction is not a "settlement" for income tax purposes, and does not render the shareholder liable for tax on income received by the company on investing the money lent.

Mr Justice Nourse so held when dismissing an appeal by the Crown from the decision of Special Commissioners that Mr Ralph Levy was not personally liable for tax on income derived by a company after investing a loan made to it by Mr Levy.

Section 446 of the Income and Corporation Taxes Act 1970 provides: "(1) . . . as long as the terms of any settlement . . . are such that (a) any person has . . . the power . . . to determine the settlement . . . any income arising under the settlement . . . shall be treated . . . as the income of the settlor . . .".

Section 457 provides: "(1) Where . . . income arising under a settlement . . . is . . . payable . . . for the benefit of any person other than the settlor, then . . . the income shall be treated for the purposes of surtax as the income of the settlor . . .".

* * *

HIS LORDSHIP said that Mr Levy was the sole beneficial shareholder in a company called Parkspa Securities Ltd which carried on the trade of dealing in stocks and shares. It had for many years been the practice of Mr and Mrs Levy, either individually or jointly, to fund Parkspa by way of various loans on terms that they would be interest-free and repayable on demand.

On May 30 1973 Mr Levy made a loan to Parkspa of £3.33m. The money was lent to be used for the general purpose of Parkspa's business. It was to be repayable on demand, but subject to the proviso that if, when repayment was demanded, the funds were invested in a form which prevented Parkspa from making repayment, then it should be deferred for up to six months.

Repayment of the loan was made by October 30 1973. Parkspa derived income from the use of the £3.33m between May 30 and October 30 1973. The Crown raised alternative assessments on Mr Levy in respect of that income under sections 446 and 457 of the Income and Corporation Taxes Act 1970. It claimed that the loan was a "settlement" for the purposes of the income tax Acts, and that the income derived by Parkspa on its investment was accordingly to be treated as the income of Mr Levy and not of the company.

On the face of it, that was an extraordinary claim for the Crown to have made. An interest-free loan to a company in which the lender was the sole or substantial shareholder, or of which he was merely a director with no significant shareholding, was an everyday transaction in the commercial world. As such, it would invariably be regarded as being made for good commercial reasons divorced from altruism or charity.

The Special Commissioners found that the transaction did not involve bounty on the part of Mr Levy and they rejected the Crown's claim. The Crown now appealed.

*

In section 454(3) of the 1970 Act, "settlement" was defined as including "any disposition, trust, covenant, agreement or arrangement." The loan was certainly a disposition, but the question was whether it was a disposition within that definition.

In *IRC v Plummer [1980] AC 896*, the House of Lords held that a transaction could only be within the definition if it contained an element of bounty.

In *Chinn v Hochstrasser [1981] AC 533*, Lord Roskill said at page 555 that there was a distinction between cases where the recipient of a benefit had accepted some obligation which he had to perform, and "those cases where the recipient benefits without any assumption by him of any correlative obligation."

The Crown submitted that there was an element of bounty in the present case in that Parkspa benefited from the loan without assuming any correlative obligation for the payment of interest, or otherwise.

Lord Roskill was not saying that something which would otherwise be a commercial transaction devoid of any element of bounty would cease to be one merely because the person who was at the receiving end of it did not assume any correlative obligation.

The law was that before a disposition, trust, covenant, agreement or arrangement could be a settlement within section 454(3) of the Act, it must contain an element of bounty. A commercial transaction devoid of any element of bounty was not within the definition. The absence of any correlative obligation on the part of the person who was at the receiving end of the transaction might be material, but was not conclusive, in determining whether it contained an element of bounty.

If those principles were applied to the facts of the present case, particularly to the Special Commissioners' finding that the transaction did not involve any bounty on the part of Mr Levy, it was clear that there was no disposition, agreement, or other transaction within section 454 (3).

It was a simple case of a commercial transaction devoid of any element of bounty, and immaterial that Parkspa did not assume any correlative obligation for the payment of interest or otherwise.

On the whole of the material before them, the Special Commissioners could have come to no other conclusion. The appeal was hopeless and should be dismissed.

For the Crown: R. A. Morritt QC and John Mummery (Solicitor, Inland Revenue).

For Mr Levy: M. P. Nolan QC and Andrew Thornhill (Linklaters and Paines).

By Rachel Davies
Barrister

Little Robert to thwart Piggott repeat

RACING

BY DOMINIC WIGAN

DENMORE did the trick for Epsom's most successful rider, Lester Piggott, in last year's Great Surrey Handicap and it is interesting to find that the Moulton horse has become a late booking for the champion jockey in today's renewal of the six-furlong event.

Denmore, a Charlie Nelson-trained chestnut, who a year ago had a length to spare over Alpine Rocket, seems sure to make a bold bid if repeating that form or reproducing the performance which earned him third place behind Enchantment in Ayr's Tote Sprint Trophy.

He has, however, gone up 16 lbs in the weights since last year's race and this could prove too severe an anchor in the closing stages.

Two beneath him in the handicap whose claims seem to bear closer scrutiny are Never So Lucky and Little Robert.

Never So Lucky, a good-looking So Blessed colt, got off the mark at the first time of asking last season with a win at Windsor, before going on to better things, while Little Robert is thought to be back to the form which saw him far from disgraced in the Richmond Stakes.

Another handsome sort, and one with the early pace required here, Little Robert is sure to go well off 8 st 9 lbs. He is the selection.

All but six were withdrawn from the City and Suburban Handicap at the final declaration stage and it seems clear now that the conditions may have to be reframed to this one-time fine race, which has not surprisingly, lost its Ladbrokes prefix.

In the absence of Funny Spring, the 10-furlong event could well be destined for Lulav, third of 28 behind Braughing in last year's Cambridgeshire.

A second likely winner for Lulav's vociferous owner, Mr Chummy Gaventa, is Maariv, one of five runners for the Hyde Park Stakes. At Cheltenham's Sean Graham meeting Arkan can give Jeremy Hindley his biggest jumping prize to date.

EPSOM
3.05—Lulav*
3.35—Little Robert***
4.10—Maariv

CHELTENHAM
2.30—Mr Jerry
3.40—Arkan**

RIPON
5.15—Daltra

TELEVISION

Chris Dunkley: Tonight's Choice

It would be difficult to sustain a complaint about narrowness of choice on television tonight. BBC1 screens the piano final of the **Young Musician of the Year**. Today's winner gets £400 and competes on Sunday against the winners of the string, wind and brass sections for the title itself. The subject of **100 Great Paintings** on BBC2 is Goya's "Naked Maja," surely one of the most uncannily undressed portraits ever painted.

Chronicle is a repeat of last year's programme about the discovery of the wreck of Henry VIII's galleon Mary Rose which sank in the Solent in 1545. Tomorrow night a new programme brings the story up to date and in September the cameras go back for the lifting of the fabulous wreck. Part 2 of **I Remember Nelson** on ITV delves back to the time three years before Episode 1 when Nelson and the British fleet sailed into Naples after the Battle of the Nile. Nelson meets Emma for the first time and this part of the story is told from the viewpoint of Sir William Hamilton.

If the last **Rough Justice** on BBC1 is as impressive as the first two, this will have been a quite remarkable series. After two claims of wrongful conviction, for murder, tonight's programme questions the conviction of John Walters for assaulting a young girl.

BBC 1

12.30 pm News After Noon. 12.57 Regional News for England (except London). 1.00 Pebble Mill at One. 1.45-2.00 Over the Moon. 2.15 Racing from Cheltenham. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Scooby Doo, Where Are You? 4.40 Play Away. 5.05 John Craven's Newsround. 5.10 A Little Silver Trumpet.

5.40 Evening News, Weatherman.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 Young Musician of the Year. The final of the piano class.
7.30 Film: "Swallows and Amazons," (1974) starring Virginia McKenna and Ronald Fraser.
9.00 A Party Political Broadcast by the Conservative Party.
9.05 News, Weatherman.
9.30 Rough Justice (last in series): The Case of "Little Boy Blue."
10.00 Sportsnight: World Ice Hockey Championship from Helsinki. USSR v U.S International Boxing: Charlie Magri v Ron Cisneros.
10.50 A Question of Guilt. A reconstruction in three parts of the case surrounding Mary Blandy (1).
11.45-11.50 News Headlines. Weatherman.

BBC 2

10.20-10.45 am Gharbar.
11.00-11.25 Play School.
5.10 pm Cloister to Cloister? (Part 1).
†5.40 Hawk of the Wilderness.
5.55 The Saga of Noggin the Nog.
6.05 Langley South.
6.35 The Ascent of Man. A personal view by J. Bronowski.
7.25 One Hundred Great Paintings.
7.35 News Summary with subtitles.
7.40 The Master Game.
8.10 Chronicle: The Wreck of the Mary Rose.
9.00 Butterflies.
9.30 The Woman in White.
10.25 Lindean Mill Glass.
10.40 Party Political Broadcast by the Conservative Party.
10.45-11.35 Newsnight.

LONDON

9.30 am Barney Google and Snuffy Smith. 9.40 The World We Live In. 10.05 The History Makers. 10.30 Einstein. 11.25 Paint Along with Nancy. 11.55 The Bubblies. 12.00 The Munch Bunch. 12.10 pm Rainbow: "Hanging On." 12.30 Play it Again. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Racing From Epsom. 3.50 Definition. 4.20 Animals in Action. 4.45 Murphy's Mob. 5.15 Mr Merlin.

5.45 News.
6.00 Thames News.
6.25 Help!
7.00 Where There's Life . . .
7.30 Coronation Street.
8.00 Secombe with Music.
9.00 I Remember Nelson.
10.00 Party Political Broadcast by the Conservative Party.
10.05 News, followed by Thames News Headlines.
10.50 Midweek Sports Special. In the European Cup Aston Villa faces Anderlecht in Belgium, and CSKA Sofia meets Bayern Munich in West Germany: British hopes in the Cup Winner's Cup rest with Spurs in Barcelona.
12.00 Superstar Profile: Catherine Laporte Coolen talks to Steven Spielberg.
12.30 am "Sit Up and Listen," with Dr Joseph Needham.

† Indicates programmes in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Cartoons. 9.35 The Joy of Bach. 10.35 The New Fred and Barney *Show*. 11.00 A *Story of Tutankhamun*. 11.50 Wattoo Wattoo. 1.20 pm Anglia *News*. 5.15 *Happy Days*. 6.00 About Anglia. 6.35 Crossroads. 10.05 News followed by Anglia Late News and Weather Forecast. 12.15 am The Big

CENTRAL

9.20 am 3-2-1 Contact. 9.50 Venture. 10.15 Pro-Celebrity Angling. 10.40 The Electric Theatre Show. 11.10 Big Shamus, Little Shamus. 1.20 pm Central News. 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 10.05 News at Ten followed by Central News Headlines. 11.45 Replay: Mannix: "Desert Sun," starring Mike Connors.

GRANADA

9.35 am Village of the Rain Forest. 10.00 Wednesday Matinee. 1.20 pm Granada Reports. 1.30 Exchange Flags. 5.15 Mr Merlin. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 12.00 The Odd Couple.

HTV

9.40 am Beachcombers. 10.05 Mr Magoo. 10.10 The Incredible Hulk. 11.00 Sesame Street. 1.20 pm HTV News. 3.50 The Life That's Left. 5.15 Private Benjamin. 6.00 HTV News. 6.35 Crossroads. 10.35 HTV News. 11.45 Ladies' Man. 12.15 am Weather.

HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 Ty Bach TWT. 4.20-4.50 Mr Merlin. 4.50-5.15 Doctor Snwgwl. 6.00-6.15 Y Dydd. 6.15-6.35 Report Wales.

TSW

9.30 am Sally and Jake. 9.40 Sesame Street. 10.40 Film: "The Oracle." 1.20 pm TSW News Headlines. 5.15 Gus Honeybun's *Magic Birthdays*. 5.20 Crossroads. 6.00 Today South West. *6.30* †*Tele Views*. 6.40 Sportsweek. 10.52 TSW Late News. 12.25 am *Postscript*. 12.30 *South West Weather* and Shipping Forecast.

TVS

9.35 am Untamed World. 10.00 Animated Classics. 10.50 Bailey's Bird. 11.15 The New Fred and Barney Show. 11.40 European Folk Tales. 1.20 pm TVS News. 3.50 Definition. 5.15 Radio. 5.30 Coast to Coast. 6.35 Crossroads. 10.05 News. 12.00 Jazz and Blues. 12.35 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 The Nature of Things. 10.15 Kum Kum. 10.35 Cartoon Time. 10.45 Hopalong Cassidy. 11.50 Sally and Jake: "On the Farm." 1.20 pm North East News. 1.25 Where the Jobs Are. 5.15 Private Benjamin. 6.00 North East News. 6.02 *Crossroads*. 6.25 Northern Life. 10.35 North East News. 12.00 *Pavilion* Folk. 12.25 am For the Deaf.

YORKSHIRE

9.30 am Sally and Jake. 9.40 Sesame Street. 10.40 The New Accelerators. 11.05 Animated Classics. 11.05 The Undersea Adventures of Captain Nemo. 1.20 pm *Calendar* News. 5.15 Private Benjamin. 6.00 Calendar. 6.35 Crossroads. 11.45 The Living Legends of Jazz and Blues.

RADIO

(S) Stereophonic broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2 7.00 Mike Read including 7.45 Action Special. 9.00 Simon Bates. 11.30 Paul Burnett. 12.30 pm Newsbeat. 2.00 Steve Wright. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00 John Peel (S).

RADIO 2

5.00 am Nick Page (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S) including 1.45 Sports Desk. 2.00 pm Ed Stewart (S) including 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S) including 4.45 Sports Desk. 5.45 News, Sport. 6.00 John Dunn (S) including 6.45 Sports Desk. 8.00 Alan Dell with Dance Band Days. 8.30 Among Your Souvenirs (S). 9.15 Semprini Serenade (S). 9.55 Sports Desk. 10.00 Tom Mennard. 10.15 Cider 'N' Song with the Yetties. 10.30 Hubert Gregg. 11.00 Brian Matthew. 12.00 Midnight Newsroom, Weather, Motoring Information (Stereo from midnight). 1.00 am Encore (S). 6.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (S). 9.00 News. 9.05 This Week's Composer (S). 10.00 BBC Northern Symphony Orchestra (S). 11.10 Apollo's Banquet (S). 12.05 pm Sibelius and Sallinen (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 French Songs (S). 3.30 Stuttgart Chamber Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Genes, Mind and Culture (S). 8.00 Music of Eight Decades (S). 8.55 The Living Poet. 9.25 Concert (S). 10.10 Mr Blaser in Sicily. 10.30 The Apotheosis of Lully (S). 11.00 News. 11.05-11.15 Britten Conducts Grainger (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, Travel. 9.00 News. 9.05 Midweek: Henry Kelly (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 The Other Side of Silence (S). 12.55 Weather, Travel, programme news. 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News, Travel. 3.02 Afternoon Theatre. 3.47 Time for Verse. 4.00 News. 4.02 Pleasures of the Table. 4.10 The Right to Roam. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Frank Muir Goes Into . . . Cookery (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 A World in Common. 8.15 Voices in Harmony (S). 8.45 Edgar Hoover—Fallen Idol. 9.30 Kaleidoscope. Arts magazine. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Detective. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News, Weather. 12.15-12.23 am Shipping Forecast, Inshore Waters Forecast.

Training tries to go it alone

In the first of several articles, Alan Pike examines the UK's new emphasis on voluntary industrial training

INDUSTRIAL TRAINING in Britain is going through its biggest upheaval for decades.

There are many voices, particularly but not exclusively on the trade union side, which disagree with the Government's decision to place greater reliance on voluntary training efforts at a time when most industries are looking for every chance of containing costs. But even critics do not deny that the decision to make industry much more directly responsible for training is concentrating minds on a subject where there has for long been too little original thought.

No single industry can be precisely typical of others, but printing has to cope with many of the difficulties which will be experienced elsewhere. It is, like most sectors which have until now been covered by statutory training boards losing its board and having to create voluntary arrangements from scratch. It is a highly diverse industry, with several autonomous sectors and an extremely high proportion of small employers. It is also an industry which often enjoys, and sometimes deserves, a reputation for being one where technology—and hence training requirements—change at a more breathtaking pace than industrial relations or management attitudes.

Old and new: despite the similarities of these two scenes the technologies being used are very different. Now a breakthrough in the training practices in the printing industry may be imminent

Taxing task

Last year the Manpower Services Commission carried out a sector-by-sector review of training requirements in more than 40 industries. Its main purpose was to consider which sectors continued to require statutory training boards and, judging by the language of the final report, the MSC review team found this task particularly taxing where printing was concerned.

While giving the Printing and Publishing Industry Training Board credit for having made a positive contribution the review team felt that it had not been able to confront directly the difficult problems of reforming apprentice training, introducing new technology and promoting adult training.

But the review team's main doubts concerned the future prospects for training in the industry rather than the past performance of the board. Suggested voluntary arrangements, said the report, seemed to "lack credibility in respects," particularly about the resources which would be needed.

"We consider that current proposals for a voluntary system are unlikely to meet the industry's needs. At the same time, we are equally clear that a statutory body would do markedly better only if there is a strong commitment on the part of the main unions and employers' organisations to using it as a vehicle for actively promoting the New Training Initiative objectives."

The arguments about the retention of the statutory board are now part of the past and somewhat academic in view of the decision by Norman Tebbit, the Employment Secretary, that the Printing and Publishing Industry Training Board is among 16 which are to go. But the MSC review team's doubts about the future of training in printing are not academic. From now on the industry has to rely upon voluntary arrangements which will begin life under a shadow of doubt about their likely effectiveness.

The MSC review team's doubts are not accepted as valid by the British Printing Industries Federation, the employers' body for general printing which drew up a plan for voluntary arrangements after the majority of its members declared themselves against retaining the statutory board.

BPIF reasoning begins from the premise that the training board has never succeeded in bringing about the fundamental change in approach to production worker training which the tradition-bound industry requires. In the highly-unionised environment of printing, says the BPIF, the only way forward is through direct negotiation and agreement between employers and unions.

Officials of the training board and its surviving band of supporters would broadly accept this analysis, but argue that it was never the board's responsibility to meddle directly in industrial relations issues.

This has all the makings of an absorbing circular argument — but it is cut short by the fact that the BPIF and the National Graphical Association, the leading print craft union, are poised to achieve just the sort of breakthrough that has eluded the industry in the past.

Standards

Exploratory discussions on the modernisation of training began between the BPIF and the NGA in October 1980, as a quite separate exercise from the Government-initiated review of statutory training boards. These blossomed into more formal negotiations, and an agreement could be announced within weeks which would end the industry's existing time-served apprenticeship system and replace it with a scheme built around training to standards rather than time.

Young people would become craftsmen when, depending upon individual progress, they had satisfactorily completed the appropriate standards of competence, while training requirements would be specified in national agreements between the BPIF and union and enforced at company level through joint management-

The scheme will depend upon more than national level agreement between the BPIF and NGA to ensure its success. union action.

Later this year it will have to pass the scrutiny of an NGA national conference — in a hall full of delegates trained under the old regime of time-serving.

And even the national level agreement which the BPIF and NGA are close to achieving is complicated by the fact that the TUC — still furious at Tebbit's abolition of most of the statutory training boards—has advised affiliated unions not to co-operate with new voluntary arrangements which it regards as largely sham.

Nonetheless, the progress made recently is no mean achievement. The Government has decreed that apprenticeship schemes must be transformed from time-service to a standards-based system by 1985, and the printing industry is already close to this goal. It is a goal which is — as the BPIF argues —being achieved through negotiation by the parties directly involved.

Why, then, are there so many lingering doubts that the abolition of the statutory training board will reduce the effectiveness of training in the printing industry?

Some doubts concern the arrangements for the proposed system. The BPIF wants joint union-employer training committees and a small specialist department of trainers funded largely out of companies' membership subscriptions. But the resources available to such a group would be tiny compared with the facilities of the training board and its 160 staff. The federation hopes that the industry's system of group training associations, which have developed to serve the needs of smaller companies, will flourish under the new system—but critics fear that the reverse will happen.

It is not yet certain how some of the industry's sectors outside general print, like the newspaper industry, would lock into the BPIF scheme. And there are ominous suggestions that many of the 39 printing departments in local authority colleges will not survive the move away from the statutory system.

A breakthrough between the BPIF and the NGA on apprentice training will, if it comes to fruition, be a dramatic step forward for the industry. But if large numbers of employers were to use the shift to voluntary training arrangements as a chance to volunteer to opt out it would be an equally dramatic step backwards.

BOARDROOM BALLADS

UNCOMMON MARKET

(with apologies to Arthur Askey)

Oh what a glorious thing to be
A fully-paid-up-member of the EEC
Though there's still the little problem of the entrance fee.
It's hurrah for the Common Market!

*

Oh what a glitter in our chairman's eyes,
When they offered him a market of enormous size,
With a bevy of commissioners to harmonise
The affairs of the Common Market!

*

Oh what a galloping sense of fun,
To swap a little Mini for a Citroen,
And run a budget deficit of two-to-one
With our friends in the Common Market!

*

Oh what a salutary thing to be,
A proper European with a CAP
Offering the fishes in our deep-blue sea
To our friends in the Common Market!

*

Oh for the folly of the fool who dares
Grow a different apple from the likes of theirs,
Or propagate a species of offending pears
To the ones of the Common Market!

*

Oh for the sharing of our common fates,
Consummated at the summits of the Heads of States,
When they pulverise each other at alarming rates
In the name of the Common Market!

*

Oh for the feeling that we're not alone,
To be learning French and German on the linguaphone,
But every other word is either "nein" or "non"
In the world of the Common Market!

*

Oh for the knowledge that I'm fancy free
To practise anywhere in the Community;
I'd like a job in Paris but they won't have me,
In spite of the Common Market!

*

Oh for the energy and cash we spent
On elections to the European Parliament,
But it's shaping up to another non-event
In the life of the Common Market!

*

Oh what a difficult thing to please
Each and every one of such a Nine like these
And soon there'll be the Spanish and the Portuguese
In the great big Common Market!

*

Oh for another never-ending bout
Of fighting over whether we are in or out,
And no one really knowing what it's all about,
To belong to the Common Market!

*

The board is re-assessing where we right to join,
In spite of all the aggro to our corporate grain,
But we never can decide it till we spin the coin,
Heads or tails for the Common Market!

Bertie Ramsbottom

Next week: The Public Sector

THE PRINTING AND PUBLISHING INDUSTRY (EMPLOYEES AND OCCUPATION)

			%
National newspapers	37,000		
Regional Newspapers	60,000		
General printing	159,000	Managers	13.2
Periodical publishing	19,000	Journalists	5.3
Book publishing	18,000	Technical	4.9
General publishing	12,000	Clerical	13.2
News Agencies	3,000	Production	40.0
Photography	6,000	Distribution	6.5
Screen process printing	5,000	Sales	5.4
Reprography	1,000	Photography	1.3
Letterpress blocking and engraving		Maintenance	2.9
	3,000	Others	7.1

Note: The Printing and Publishing Industry training board levey in 1980-81 was 0.9 per cent of payroll for newspapers and general printing and 0.8 per cent for other sectors. Exemption for companies meeting the board's training recommendations is:

National newspapers—84 per cent of estblishments (92 per cent of employees), Regional newspapers 67 per cent (80 per cent employees), General printing—47 per cent (71 per cent employees); Reprographics—30 per cent (19 per cent employees).

Source: PPITI/MSC

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Gaming licence

I want to apply for a licence for a gaming machine in a cafe I have opened. Before doing so, is there not some Act under which I can have a conviction for false pretences in 1969 taken out of the police file? And is it the case that I can have only one machine in a snack bar?

The Rehabilitation of Offenders Act 1974 is the relevant statute. The file is not destroyed, but your conviction may not be disclosed. You are not limited to only one machine, but a licence may, as a matter of discretion, be restricted to one machine.

Members' rights

I am the only non-director member of a small retailing company. After the directors refused an offer for the freehold of premises in 1978, it was sold in 1979 to a son of one of the owner-directors for less than half the sum offered and within a few weeks the company ceased trading. I have heard nothing from the company since the AGM of 1979. Am I entitled to view the minutes of the board meetings and previous AGMs? Is there anything I can do?

You are not entitled to see minutes of board meetings. You can, however, inspect the company's file kept by the Registrar of Companies and you are entitled to inspect minutes of meetings of shareholders. It might be wise to consult a solicitor.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Sadler's Wells

Agrippina

by MAX LOPPERT

Kent Opera's current London season features recent productions of *Figaro* and Handel's opera for Venice, *Agrippina*, as well as a revival of the Jonathan Miller staging of *Onegin*. On Monday Handel (in Anne Ridler's splendid translation) commenced operations—the last and largest success of the early Italian portion of his long career. *Agrippina* is a smashing piece, a riot of melodic exuberance and textural fantasy disciplined within the bounds of a witty and distinguished libretto; while it might not be true to say that its flair and vitality were never again equalled—not at all true, indeed—the sense communicated by its three brilliantly planned acts of a young theatrical genius in full command of his powers and delighting in the employment of them is at times overpowering.

So, an excellent addition to the adventurously varied Kent Opera repertory; and the company's purely musical response to the work was one of the very few features of the evening one could commend without reservation. The Kent Opera Baroque Orchestra, a trim, well-tuned body, is conducted with great vitality and resourceful application by Ivan Fischer—not every one of his tempo decisions were apt to the vocal capacities of his cast, yet the youthful spontaneity and energy of the performance were a happy match for the music. (Is rubato the latest discovery of "authentic" performance? If so—or even if not so — *è ben trovato*.) The edition is full, the use of ornament in reprise mercifully devoid of the kind of exaggeration that in other recent Handel productions has led to the tiniest hankering for the bad old days of unvaried plainness. It was a long evening in the theatre, but on musical grounds every minute was well spent.

But alas! having lavished such precise care on the sounding of the score, Kent Opera proceeds to throw away most of the gains on a production descending at worst to the lowest level of footling farce. There are delicious hints of comedy in the libretto and in the music hints blown up by the producers, Norman Platt and Christopher Bruce, to the dimensions of an avalanche. Reviewing the first night at Tunbridge Wells last month, Ronald Crichton commented on this page that the style, which might have proved apt for *Offenbach*, seemed to have been applied to the wrong opera; Monday's performance made one feel fearful, by analogy, even for the most robust Offenbach.

As the tired old clichés of British burlesque were dragged out for yet another operatic airing, Handel's Nero and Claudius (an extraordinarily wide-ranging bass part) were more than once lost to view—both of the rounded characterisations turned to flatness and feeble japery. (Surely it was sheer madness to require of David Thomas's Claudius and of the minor male players comic routines that their limited dramatic gifts were so obviously incapable of fulfilling.)

At least there was Felicity Palmer in the title role—a proud, powerful reading of a great role disdaining the carry-on (perhaps that should read *Carry On*) around her. Meryl Drowser's Poppaea, condemned at the start to Barbara Windsor-type kittenishness, insisted on becoming something more; and the noble character of Otho, mellifluously sung if rather vacuously acted by Paul Esswood, was spared caricature. Monday's audience seemed to love it all; I thought it an opportunity badly but not totally bungled.

St. John's, Smith Square/Radio 3

Britten and Mozart

The connecting thread in the present series of BBC lunchtime recitals is the chamber music of Benjamin Britten. In their programme on Monday, Erich Gruenberg and John McCabe included something of a Britten rarity, the Suite for violin and piano, Op. 6. An early work, written in 1934 and 1935, the Suite was originally performed in a three-movement form and at the end of his life Britten authorised publication of that version. But on this occasion we heard the more familiar five movements, which add an introduction and moto perpetuo to the original march, lullaby and waltz.

It is a dry, constructivist score, making much use of a four-note motto that is printed on the title page. In its octave transpositions and symmetries, it betrays a considerable knowledge of the doings of the Second Viennese School: one remembers that the score was composed shortly after Britten had been prevented from going to study with Berg.

Fingerprints are few, though it has the tense, thin texture of much of Britten's later chamber music, and a modal fanfare near the beginning is entirely characteristic. And in its unsquashable confidence and virtuosity it is very much the product of a precocious young composer. Passages in the march and waltz especially remind us that his violin concerto would be only five years away.

Gruenberg and McCabe provided a lively, tight account. The moto perpetuo could have had more facility, but the lonely solo lines of the lullaby were unforcefully sustained, and the parodies of the waltz were held together with fine judgment. Around the Suite they played two Mozart violin sonatas, in C K.303 and E flat K.481. Here Mr Gruenberg's sometimes indulgent phrasing and vibrato were nicely set against his pianist's no-nonsense urgency and sharp-focus profiles.

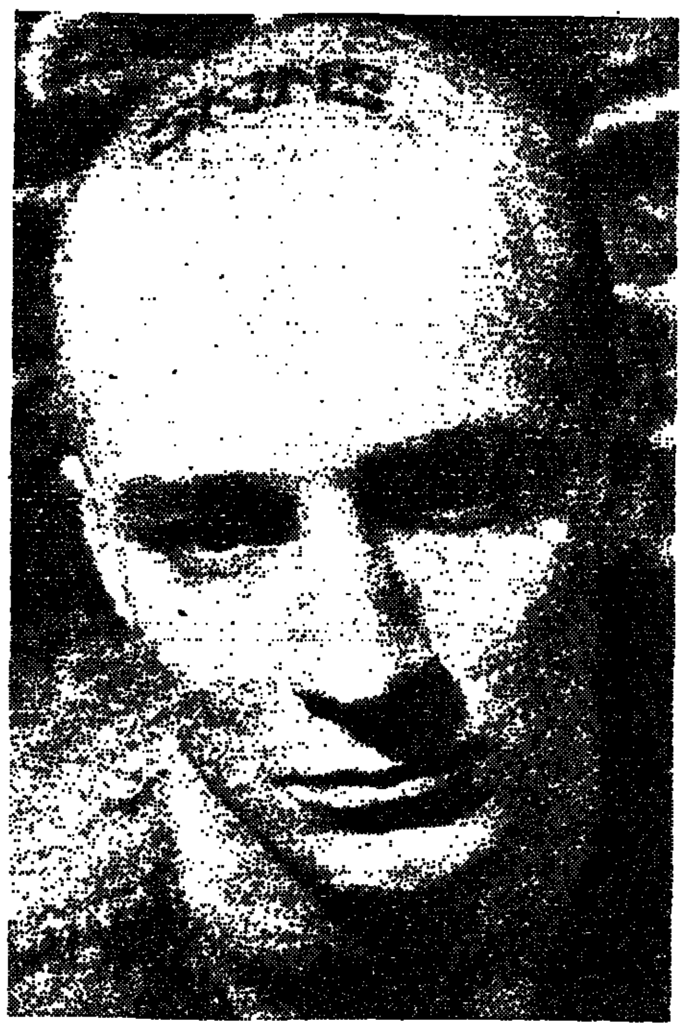
ANDREW CLEMENTS

Architecture along the Thames

A one-day forum for the exchange of new ideas and practical suggestions on ways to achieve more interesting architectural results along London's riverside in the light of recent and proposed developments, will take place on June 9 in The Glaziers' Hall, 9 Montague Close, Southwark.

The conference, which will consider what is being done abroad about similar city riverside environments, is sponsored jointly by The London Environment Group of the RIBA London Region Council, together with the Urban Design Group, the London branch of The Royal Town Planning Institute, and the South-east Chapter of The Landscape Institute.

The Secretary of State for the Environment, Mr Michael Heseltine, will present the opening address. Speakers and delegates will include politicians, civil servants, practising architects, journalists, academics and interested Londoners.



Neil Pearson in Oi for England and Jenney Sedgrove in The Woman in White

Television

Vexed Issues

by CHRIS DUNKLEY

It has long been argued that although television has until now been constrained by the scarcity of its outlets and that broadcasters have been forced to tread a middle path and support the status quo, albeit tacitly, in a manner quite at odds with some of the best free-speaking traditions of literature, the Press and the theatre, one place on television where you could be sure of hearing the strongly opinioned voice of the individual was in the single play.

That and the contention that the single play was the best place to bring on new television writers were the two most respectable arguments for the uniquely protective attitude taken towards the single play. The first argument raises a positive storm of questions about the implied gutlessness and ineffectuality of all those other parts of television which are supposed to deal with politics, social mores and philosophy in whatever form: current affairs, documentaries, religious programmes and so on.

It is surely absurd that in the last quarter of the 20th century a major proportion of this modern medium should be as effectively barred from communicating powerful personal opinions as were the newspapers of the early 18th century. Today, with cables and satellites promising to turn scarcity into glut, British politicians are talking blithely if quietly about extending all the old broadcasting controls and restrictions to the new outlets even though the sole justification for restrictions—that very scarcity—is disappearing. Ye with the threat of controls being endlessly extended where is television's Junius? Its Wilkes? Its John Wilkes? It is hard to think of more than a couple of television chiefs who would even go down the corridor to champion freedom of expression, let alone go to jail.

This makes the health of television drama even more important, assuming that it is indeed the main repository of powerfully expressed opinion. However, anybody who watches a lot of television must have at least some doubts about that assumption.

The sheer quantity of drama on television these days is very great. At the most undemanding end, the soap operas, there seem to be more titles than ever: *Falcon Crest* has joined *Dallas*, *Flesh and Blood* has come back to BBC-1 though without the vigour of the first series, and starting next Monday BBC-1 is threatening to show 36 new episodes of *Triangle*, the series about life on a Channel ferry which has all the range, variety and grandeur of the musical instrument after which it is, presumably, named.

Moreover, for all the loving detail of Granada's *A Kind of Loving*, with its drummer-boy Welgar Shredded Wheat boxes, and the authentic intricacy of its three-hook brassiere fastenings, it begins to look like little more than soap opera wrapped up in high production values. *Crossroads* and *Coronation Street*, of course, go on and on.

Watching them is a little like watching the clothes go round in a washing machine with the characters everlastingly forming little entanglements and then tumbling out of them, while the producer periodically whips open the door to fling in another pair of grubby underpants.

The middle ground of television drama is still dominated by buttons and bows and bonnets and bustles: those costume drama serials which British television does so well. Yet another started on BBC-2 last week, a five-part dramatisation of *The Woman In White* which looks like being another triumph for producer Jonathan Powell.

The 19th century atmosphere which director John Bruce conjured up from the opening moments, and the casting, especially of Ian Richardson as the hysterically delicate Frederick Fairlie, are spot on, and—as with Powell's memorable *Pride and Prejudice*—tremendous value is extracted from location filming in, out of, and around a country house.

ITV's activities in this middle area have been much more encouraging recently with contemporary themes being pursued. The serials *Muck and Brass* and *The Brack Report* here both dealt vigorously with tough modern problems, and have helped to reinforce the belief expressed repeatedly in this column that, because of the very nature of television—delivered continuously into the sitting room— series and serials are its most valuable and its most natural dramatic forms. Yet within television it is still the single play which receives the highest regard and the most jealous protection.

And of course there are good single plays. This year we have seen *The Combination*, *Too Late To Talk To Billy*, *How Many Miles To Babylon* and *Voyage Round My Father* and even though the last two were adaptations they make a most impressive quartet. But what of all the others? The common weakness nowadays is not the banality of those slice-of-life plays which were all too common five or six years ago. Certainly we have had one or two recently, notably *Home Sweet Home* about the gormless postmen, and *Willie's Last Stand* about a drunk's failure to achieve an erection, but happily such material seems increasingly rare.

My impression is that the single play certainly is being used as a testing ground for new writers, more of them in the last 12 months or so than for many years that they do tend to pay much more attention to narrative and plot than used to be the case—and for that, much thanks—but that apart from telling their stories, many of which are very slight, they have precious little else to tell us; that the single play, in other words, is not the place to go for the strongly opinionated voice of the individual.

Again there are occasional exceptions. It seems clear that Trevor Griffiths wanted to express something which he felt powerfully in his ITV play from Central, *Oi For England*, on Saturday. A four-strong skinhead band in a Manchester cellar is offered its first gig by a racist calling himself The Man but turns it down because one of the skins remembers what his grandad said about the Nazis.

Since it seems that the race riot raging outside was actually started by a member of the band, and only the one with a grandad gives a hoot about latterday Nazism, it is far from clear why the gig is spurned and equally difficult to know what Griffiths is trying to tell us: that if you turn youths out of school onto the dole they will turn into thieving skinheads (all their musical equipment is stolen) but that underneath they're all lovable?

The Queen of Annagh on BBC 2 on the previous night, concerning a British pilot washed up on Nancy's otherwise uninhabited Hebridean island during some future war, had even less to tell us: nothing about war, nothing fresh from writer Terence Hodgkinson's mind about men and women, though it was, as usual, nicely photographed and impressively acted.

Obviously if every scrap of drama on television were loaded down with timeless profundities and packed full of Shavian polemic most of us would pretty soon stop watching. But, having previously called for more narrative and gratefully watched it arrive, is it now unreasonable to call for a higher proportion of intellectually stimulating material? Television has lost Mercer to his maker, Porter to Hollywood and Nicholas, Hare and a host of others to the theatre, but if the use of new writers is to mean anything more than cheap labour there must surely be some in the offing who can bring *ideas* back into television drama.

I had hoped that BBC 1's new series would turn out to be just such a set of plays since it is actually billed as "Plays For Tomorrow" and seemed intent upon inspiring thought. Yet the opening work, *Crimes* by Caryl Churchill, had little more than a warmed-over bubble and squeak of Orwell, Huxley and Burgess to offer: a future with electronic plates in criminals' brains and television documentaries about arming your fall-out shelter — two subjects which I vividly recall cropping up in an ad hoc revue mounted in a school hall on the second night of the 1962 Aldermaston march.

That does not make them poor subjects for drama, but BBC 1's play 20 years on explored neither subject as inventively or as stimulatingly as the Aldermaston version. Furthermore the television play was poorly served by a dreadfully tedious style of direction.

Royal Court

Not Quite Jerusalem

by MICHAEL COVENEY

The Royal Court under Max Stafford-Clark has twice brought back to the main stage a new play it really believed in. The first was Caryl Churchill's *Cloud Nine*. The second, like the first an impeccable choice, is Paul Kember's kibbutz drama that was premiered at the end of 1980.

It is an extraordinary first play, the sort of piece John Osborne might have written had he stayed young and pricked up his ears to the work of David Hare and Trevor Griffiths. The title is double-edged. A small influx of appalling young English tourists, disappointed by a home country that promised so much to their generation, find a hostile reception in a supposedly idealistic socialist state.

The structure is simple, almost classical. Arrival and departure. The English are in search of holiday, even escape. The Israelis—represented by a military girl of the familiar sort who would as soon throw you over her shoulder as look at you, and the volunteers' liaison officer—are stern in their insistence of serious cultural exchange. These two roles are repeated, to even greater effect, by Leslee Udwin and Bruce Alexander.

The play is about much more than the immediate situation: the awfulness of the British abroad; the dreadful apathy partly induced by never having been taught to explain themselves or study history. And yet, when called upon to do so, what emerges is an expression, albeit perverse, of identity. In the kibbutz show to which the play builds, Dave and Pete sing "Underneath the Arches" draped in a Union Jack before baring their bottoms.

This scene works brilliantly in Les Waters' production chiefly because David Threlfall's central performance as Mike, the Cambridge refugee, is building quietly to self-knowledge. On the way he has two of the best speeches heard on the modern stage for some time. These articulate the ephemeral nature of the English idyll and the despair behind the ceaseless flow of foul language and chauvinist attitudinising of his mates. There is a marvellous design by Peter Hartwell — a sunbaked cowshed and poolside are magically conjured — and sterling work from Selina Cadell, David Fielder and, especially, Kevin McNally.

David Threlfall and Leslee Udwin

Saleroom

Valentino's shirt—£380

A pigskin dressing case, a sash casket and letters, a mask and a silk shirt were among Rudolph Valentino memorabilia sold by Christie's South Kensington yesterday for a total of £8,420.

The silent movie star's dressing case went for £2,000 to a Zurich dealer, the sash and casket made £1,270 and were bought by a woman who collects Valentino items and who was also a friend of the original collector Maria Carmina Elliot.

The black mask worn in the film *Eagle* went to producer Terence Scammell of Hollywood for £450 and the famous silk shirt worn in *Son of the Sheik* made £380 and is to be worn by an illusionist in a summer season at Sandown, Isle of Wight.

At Sotheby's a French wheel-lock horseman's pistol, apparently by Francois Poumerol, sold for £26,000 and a Qianlong period, Peking Palace Workshops, Chinese glass snuff bottle was bought by Robert Hall for £22,000. The first of a two-day auction of Hebrew books made a total of £95,104 with the Museum of Jewish Art, Jerusalem, giving £7,500 for a Biblical lexicon and grammar.

PAMELA JUDGE

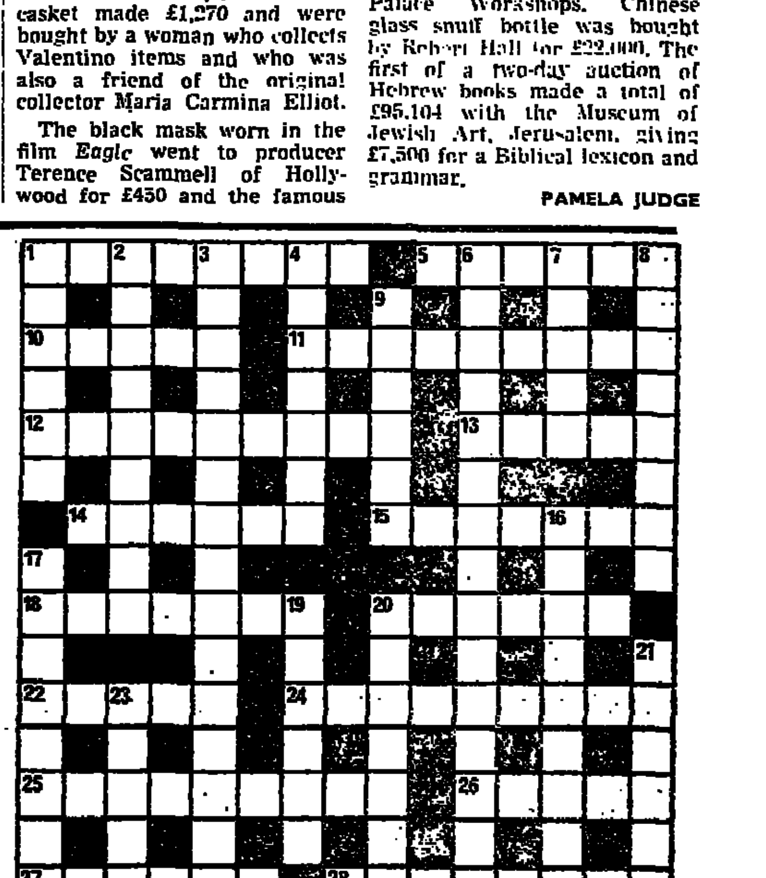
F.T. CROSSWORD PUZZLE No. 4,852

ACROSS

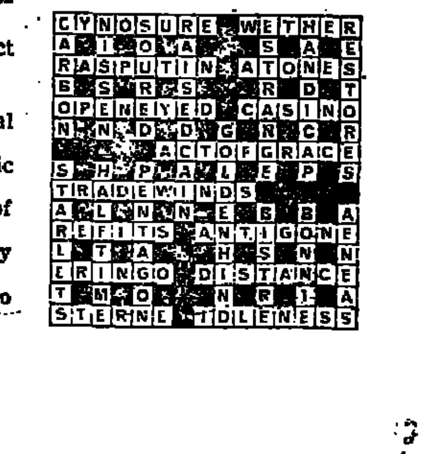
1 Observe and follow a guard (5-3)
5 Prepare a mixture of stout and porter (6)
10 A vice to hamper (5)
11 Three-pronged mark of a blow in test (9)
12 Always following the end of many fairy tales (4, 5)
13 Like yellow pigment found in Pitlochry (5)
14 Offered up an earthly shape (6)
15 Austere worker in a small valley (7)
18 Ruth, gathering scraps of information? (7)
20 Hard as a port may be (6)
22 Near to the start of time or the end of the day (5)
24 Spend time frivolously with a lover about four (9)
25 Pass judgment in favour of cat from the north (9)
26 Avoid it in the evening (5)
27 Followed to prosecute in the finish (6)
28 Orwell's type of English report of events to a point (8)

DOWN

1 Offensive as a candle may be (6)
2 Ancestry in a picture that may be detected (9)
3 Bob v Bob comically speaking, is to look on the bright side (4, 7, 4)
4 Players remaining when three are sent off? (7)
6 The thing to mind to be commercially successful (4, 3, 8)
7 Throw mine on top of church (5)
8 Reviving a cry to attract support for a cause (8)
9 An enigmatic hunter? (6)
16 Transfer abroad additional mixed diet (9)
17 Nip in a love-feast for poetic inspiration (8)
19 Ruling concerning a man of refined manners (6)
20 Academy taking gold away from colleague (7)
21 A succession of luck is to rush past (6)
23 External show to explain away (5)



Solution to Puzzle No. 4,851



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Wednesday April 21 1982

The fleet gets nearer

MRS THATCHER is clearly prepared to go to the brink—and possibly over. Mr Francis Pym, the Foreign Secretary, will not go to Washington until tomorrow. Give him a day for talks with Mr Alexander Haig, the U.S. Secretary of State, and it will be almost the weekend. By that time, the British fleet should be very close to the Falkland Islands—and to the Argentine mainland. The order to fire could be imminent.

Yet precisely because time is short, it is worth standing back to review what is at stake for both sides and what are the wider issues.

Boxed in

The difference of principle between the Argentine proposals for a settlement which Mr Haig transmitted to London on Monday evening and the basically British, though slightly Anglo-American, proposals which he took to Buenos Aires last weekend seems to be this: Britain is ready to cede sovereignty of the islands, but not yet and not necessarily direct to Argentina; Argentina wants sovereignty, or something very close to it, now.

The British position is hardly surprising. Indeed since the Foreign Office had been busy seeking a transfer of sovereignty before the invasion took place, it would be remarkable if it were otherwise. Where Mrs Thatcher has boxed herself in, however, is in her insistence after the attack that Britain must first recover the islands before there can be a *long-term* solution.

No return

The Argentine regime has boxed itself in in another way. Having captured the islands and asserted sovereignty, it believes that it would be a loss of face to surrender it now to a process of negotiation, the outcome of which is bound to be uncertain.

What no-one involved appears to think is that there can be a return to the *status quo anté*, defined as British sovereignty theoretically defended by the *Royal Navy several thousand* miles away. Thus, in a rational world, the elements of a negotiated solution ought to be there. In the longer run, there will have to be a lesser role for Britain and a larger role for Argentina. The question is one of finding a third party who can bring the two sides together.

Mr Haig has tried very hard. It is unfair to say that the American Administration has *leaned too far towards Argentina*. The fact is that the U.S. is the only country capable of acting as a broker between London and Buenos Aires and it has a very considerable interest in preventing war in *the South Atlantic, as have we* all. It may be that even at this late stage the mediation effort is not quite over. The U.S. could, if asked, go along with the European Community in imposing economic sanctions. *It could refuse to support an* Argentine attempt to invoke the Rio Treaty, which says that an attack on one American state should be regarded as an attack on all. And Mr Haig could go on warning the *military regime that Mrs Thatcher* and the British fleet mean business. All of that may well happen in the next few days.

Impressive

Yet it is also possible that the American mediation is nearing failure. The question then is what happens next. To us there is no doubt about the answer. Britain must return immediately to the Security Council of the UN. It was the UN which first condemned the Argentine aggression and called for a withdrawal and a negotiated settlement. Since then there has been an impressive array of support for the British position — more probably than the Government dared to hope. *It is imperative that that should* not be lost through premature military action.

Concessions

As we wrote last Thursday, the dispute may have begun as a bilateral one between Britain and Argentina, but has been elevated to a test case of international order, partly because of the success of British diplomacy. It is worth going back to the UN to explain the position and to reaffirm its backing.

If that means slowing down the fleet, so be it. It is one of the principles of negotiations that both sides have to make concessions. The UN may be better placed than the U.S. to play the third party in the search for a peaceful solution.

Conflicts in the Arab world

CONFLICT BETWEEN Syria and Iraq has been endemic ever since the Ommayad and Abbasid Caliphades vied for supremacy in the eighth century. Since the break-up of the Ottoman Empire rivalry between Damascus and Baghdad has sometimes been tempered by a common wish to unify, but more often intensified by a determination to dominate what the Arabs call the "Fertile Crescent."

Syrian President Hafez al Assad decided last week to break off all relations with the Arab Baath Socialist Party regime in Baghdad. It was a culmination to a bout of feuding dating back to summer of 1979 *when little less than a year after* the two leaders had agreed an embryonic form of union. President Saddam Hussein of Iraq executed 21 members of his ruling clique for alleged conspiracy with Damascus.

Relations between the two countries are now as bad as they were in 1975 after an argument over the sharing of water in the Euphrates, and differing attitudes towards settlement of the Arab-Israeli conflict, brought armoured units face to face across their shared border.

Bitterness

Nominally the argument derives from ideological differences between the two wings of the Baath party—an Arab socialist movement — which respectively rule the two countries. Actually these wings have become vehicles for the exercise of power by two cliquish repressive regimes, dominated in Syria by members of the minority Alawaite sect and in Iraq largely by a group of Sunnis from one particular region. Their rivalry reflects personal bitterness *between two leaders* as they attempt to dislodge each other from power.

It is the Iran-Iraq war which gives *this sterile* squabble a wider significance. The key Syrian act of hostility came earlier this month when Syria closed its border with Iraq and cut off the flow of oil through a pipeline transporting for export nearly *half of Iraq's* greatly diminished flow of oil. This blow to Iraq's war finances reinforced Syria's support for Iran in the form of weapons and ammunition — support in which Syria finds itself in bizarre league with Israel.

Propaganda

Indeed conflicting Arab attitudes towards this war exemplify the utter *disarray* in which Israel's enemies now find themselves. It is an issue dividing moderate and conservative Arabs from Moslem extremists. Libya and Syria are backing Iran, the traditional enemy of the Arabs. Jordan and the oil-producing states are backing Iraq, after being badly *shaken* by the discovery of an Iranian-inspired plot to overthrow the *ruling family* in Bahrain. Having invested an estimated $22bn in Iraq to give backbone to its war effort, these allies have since been even more *shaken by Iran's* successful offensive and the accompanying *Shi'ite Moslem propaganda*.

King Hussein of Jordan has been consistently bold and open as an ally of Iraq at some considerable political risk to himself. He appreciates that if Iran successfully exports its revolution it could in domino fashion bring down the Iraqi regime, his own house, the established order in the *Gulf* and *all* the Western interests that are bound up with it.

Threatened

His uncomfortable perception is the West's warning. While Israel may draw short-term *encouragement* from Arab differences as it tightens its hold *upon the West Bank* and prepares to pay with Sinai for continued peace with Egypt, the West has interests bound up in the regime in Baghdad and sees them threatened by the Baathist rivalry.

The divisions over that distant battlefront ultimately threaten Arab regimes whose wealth and stability can be too easily taken *for* granted. They also make for a Crescent fertile *with opportunities for Soviet* foreign policy.

CORK REPORT ON INSOLVENCY

The intensive care dilemma

By Duncan Campbell-Smith

Sir Kenneth Cork: Fortuitous timing, uncertain outcome

"I DON'T suppose there are many votes in it but it ought to be a very major piece of legislation"—thus *Sir Kenneth Cork, for over* 25 years the head of the City of London's leading liquidation accountancy practice, reflecting on the future of the Report on Insolvency Law just completed under his chairmanship.

The report has been long and eagerly awaited. Part I ("fundamental principles") was delivered by the Cork Committee *to the Trade Secretary* in May 1981. Part II followed on March 19 this year. But both volumes are still confidential and are only due for publication on June 9.

After years of preparation, the final delivery date was a remarkably fortuitous piece of timing.

A month earlier, the collapse of Laker Airways and the fund set up by Friends of Freddie had put the whole issue of bankruptcy and insolvency back on to the front page.

Two days after the report's delivery came the failure of Stone-Platt Industries, the engineering group. There were angry suggestions — equally hotly contested by the banks—that it need not have gone into receivership. "There must be a better way," said Mr Leslie Pincott, the company's chairman.

It seems inevitable that the report's proposals for the treatment of big company crises will dominate the debate when it is finally published although, as the summary (right) makes clear, this is only one part of a very wide-ranging document.

Many will read the Cork Report with Mr Pincott's bitter words in mind, and there are many in the City who already argue that it is time to look again at the American way of insolvency to see if there are *lessons* to be drawn.

The contrast between Britain and the U.S. is marked. On the one hand is the elaborate, but informal British system lauded by its practitioners but largely closed to public scrutiny; on the other, the rigorous and formal American process governed at every turn by the courts.

Consider two cases. When Stone-Platt first found itself headed for the rocks, there were four possibilities. It could have sought a Scheme of Arrangement. This would have allowed it to suspend repayment of its debts, but it would probably have proved impossible to secure the co-operation of the creditors. The directors could have passed a public resolution declaring an inability to continue, prompting a Creditors' Voluntary Liquidation. They *could alternatively* have soldiered on, risking even compulsory liquidation at any point.

Or they could do what in the event they did—submit the company's whole future to intense discussion among its bankers, *institutional* shareholders and accountants under the sympathetic eye of the Bank of England.

The discussions, of course, ended unhappily for Stone-Platt. This has spurred a sometimes acrimonious debate—including letters to the Financial Times from three directors involved—about the efficacy of this "intensive care" option. A board presence for the banks, suggested one *director yesterday, might have* been more helpful "rather than have them employ monitoring accountants."

The "intensive care" option has become an integral part of the system, not least as a result of the Bank of England's involvement. Its Industrial Finance Division has had dozens of industrial companies *under scrutiny during the* current recession.

For all the loose talk of a "sudden death syndrome" after Laker Airways, it is—and has been for some time—very unlikely that any major British company at least can collapse overnight—though whether the Bank's role is yet fully appreciated by public opinion at large seems open to some doubt.

Now take AM International, the *Chicago-based* office equipment manufacturer formerly *known* as *Addressograph-Multigraph*. It has just filed under the so-called Chapter XI of the U.S. Bankruptcy Code. Its current debt amounts to $254m (£144m) and there is a deficit on shareholders' funds of $42.9m.

Under Chapter XI, AM *International can continue its operations* until further notice without having to pay any interest on its debts while pursuing a drastic capital reorganisation. This remedy is rarely popular with the American financial community. But "sometimes halitosis is better than no breath at all," as a U.S. law professor was quoted as saying in the New York Times last Sunday.

Lawyers' views carry the most weight in the U.S. because of *the involvement of the courts*. Under Chapter XI, a debtor company needs a judge's authorisation for any transaction out of the course of normal business—such as selling a subsidiary or raising new finance.

By the same token its creditors need a judge's permission to foreclose on loans and can oppose a continuation of Chapter XI *at all. It is notable*, though, that monthly court hearings to review the debtor's status have been abandoned since 1979 in an attempt to reduce the court's involvement.

British receivership on the other hand is the domain of accountants and most of them are dismissive about the American alternative. "Once a company goes into Chapter XI, it never seems to come out," says Sir Kenneth Cork.

"Flexibility and immediate effectiveness are still the great beauties of the UK receivership system," argues Mr Bill Mackey, one of the receivers to both Laker Airways and Stone-Platt and a leading exponent, not to say advocate, of the present system. He is sceptical of legal *amendments*. "*When a company's bust, it's bust. Changing the law will not change the fact of insolvency.*"

But there are in fact plenty of examples of U.S. companies recovering after Chapter XI. Only last month, Penn-Dixie Steel Corporation emerged from the ordeal as Continental Steel. And the Cork Report, whatever the receivers' misgivings, does appear to constitute a subtle move in this direction.

It is a move intended, says Sir Kenneth, only "to make successful current practice legally obligatory for all." Whatever the qualifications, though, the report could well be *recommending a legal framework* for the intensive care approach already being informally applied in many cases.

It remains to be seen how this innovation — creating a new court official called an Administrator—might be reconciled with the views of those—and they appear to include many of the leading receivers — who think the Cork Report should provide only fine tuning for the *present system*.

"Minor nuts and bolts changes are required," says Mr Ian Bond, a receiver who chairs the Insolvency Services Committee of the Council of Chartered Accountancy Bodies (CCAB). "*But the system in general is working extremely well.*"

Yet interfering even with these nuts and bolts could unhinge some long-standing practices in many corners of company and financial *law*.

Proposed changes to the presently unrestricted scope of bankers' floating charges *against* assets, *for example* — pushed strongly by the legal establishment — seem certain to excite heated debate. "We would just have to take another look at the security value placed on each debenture," said one *leading banker*.)

There are also vested interests at *stake*. *Intensive* care and receivership are undoubtedly big business. "It grew like Topsy" says Sir Kenneth of the department at Coopers and Lybrand which his own firm, Cork Gully, joined in 1978. More to the point, only 12 firms, at the most, are *capable of handling* big receiverships.

At the other end of the scale, liquidation appears one of potentially the most lucrative activities for small accountancy firms and already excites plenty of *professional* jealousy. (A small North London practitioner launching a new "*Insolvency* Association" received inquiries from 80 firms all over the country last month).

Bankers, accountants, lawyers and businessmen can all be relied upon to fight their own corners. Less foreseen but equally problematic, perhaps, *could be the loss of political* momentum which might result if potential supporters of the Cork Report failed to see in its recommendations the kind of sweeping reform that could win parliamentary time.

Defeat on either front would be an ironic fate for a report *which contains no dissident* minority view—and which aims, above all else, not to adjust one law here and another there, but to settle a whole area of major company law revisions for years to come.

THE CORK REPORT on Insolvency Law was commissioned by Mr Edmund Dell as Trade Secretary in 1976. Its 712 pages (plus appendices) comprise the first ever study of this whole legal field, from personal bankruptcy right across to receivership and corporate *liquidation*.

The work took five and a half years because evidence was taken from more than 200 parties (listed over more than six pages of the report) and the committee received 200 position papers, including some 20 from the *professional accountancy bodies*. The result is 250,000 words set in 2,000 paragraphs arrayed in 52 chapters.

The first (and, so far, the last) Trade Secretary to stamp his mark on insolvency *law did so almost exactly a* century ago. The 1883 Bankruptcy Act introduced much of the receivership system which still prevails and was pushed through by Joseph Chamberlain.

A law was needed, said Gladstone's President of the *Board of Trade in 1883*, "following the idea that prevention is better than cure, to do something to improve the general tone of commercial morality, to promote honest trading and to lessen the number of failures."

That is the triple aim, too, of the 1982 Cork Report. Its details remain confidential. But Chamberlain's three headings are understood to provide, *inter alia*, for the following basic recommendations:—

● COMMERCIAL MORALITY

Company directors should be exposed to greater personal liability where they gravely mishandle a company's affairs under the *protection of the limited liability* concept. Directors might be deprived of this protection in certain circumstances.

Parent companies should be responsible for the liabilities of subsidiaries unless a *specific disclaimer* has been made—where those subsidiaries deliberately take advantage of the group's general trading status, for instance by using a virtually identical name to the parent company. (Subsidiaries clearly operating at arm's *length should not* be affected.)

When a receiver is appointed to a company, he should be obliged to report on his progress to the unsecured *creditors* as well as the secured. The interests of unsecured creditors, in fact, should be better considered on many fronts.

In a company liquidation, less priority should be given *in the first place* to State claims generally advanced as "preferential creditors"—including the Inland Revenue. While more of the recoverable assets would in this way be available to secured creditors who are the next in line, they in turn should be required to surrender some of their priority in favour of allowing at least a minimal degree of relief to unsecured creditors.

● HONEST TRADING

Those appointed to act as a *company receiver or liquidator* must be properly qualified by some appropriate and recognised professional body able to take disciplinary action where necessary. The report addresses two whole chapters to legal changes which might eliminate so-called "cowboy liquidators."

Civil damages should be more easily available to shareholders against directors who trade while their company is insolvent.

● LESSENING FAILURES

Lesser grades of insolvency administration should be available to deal with personal bankrupts, removing all those cases from the courts which do not affect the public *interest in any way*. Consumer debtors—those with annual income twenty pounds, annual expenditure twenty pounds ought and six, in Mr Micawber's words—should in particular be administered by a *new system distinct from* traditional bankruptcy.

A new court official to be called an Administrator should be given powers to fix a moratorium of limited duration between a troubled company and its creditors, *during* which the company might rearrange its financial structure with substantial protection against moves to trigger its compulsory liquidation. The Administrator, while generally appointed at the company's own behest, should allow *creditors some degree of* control over events which falls short of the effective take-over implemented by the present receivership system.

Men & Matters

Out of Court

Extraordinary scenes at the extraordinary general meeting yesterday of Associated Communications Corporation, the entertainments empire over which Robert Holmes à Court *now rules*.

The meeting was called to consider the payment of a record £560,000 golden handshake to Jack Gill, the group's former managing director. And naturally, Ralph Quartano, chief *executive* of the Post Office Staff Superannuation Fund, which holds 1.4m non-voting shares in ACC, turned up for the event. His fund, with other institutional shareholders is trying to block the payment by legal *action*.

But at the ground floor of *ACC's Marble Arch* headquarters, Quartano's path was barred by a bevy of beefy men who looked as though they might once have been extras in an episode of The Saint.

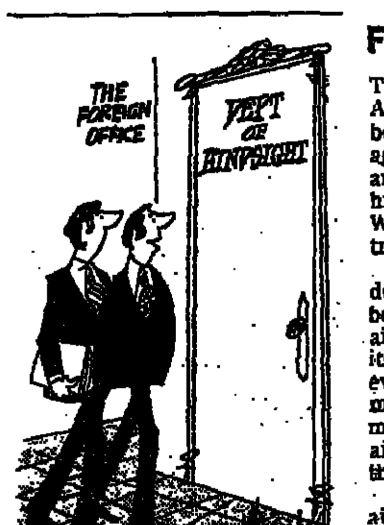
The donnish, bespectacled Quartano was physically restrained from entering the meeting—and others of ACC's 11,000 non-voting shareholders were also turned away.

"I think I am entitled to an *explanation* . . . I would like a word with the chairman," Quartano *demanded*. But in vain. He neither got to see the chairman nor got into the meeting.

By all accounts, it was a cosy affair. Just eight of the 37 voting shareholders attended to consider the Gill payment. The meeting adjourned, the board went into session—and a secretary emerged to explain that there had been a failure of communications at *Associated Communications*.

"Instructions given by Mr Holmes à Court have been misunderstood. It was only the Press that were not to be admitted," she said. Downstairs *the aides insisted there had* been no misunderstanding about their instructions

The Australian entrepreneur, who once said that he preferred to invest in public companies, seems now to be opting for privacy.



"That's where they're dealing with the Argentine proposals"

Flying high

The "plane with windows" that Alexander Haig insisted upon before setting out two weeks *ago upon his marathon shuttle*, and which has been home to him until his arrival back in Washington is, of course, a trusty Boeing 707.

Boeing brought out the design in the mid-1950s and became the world's biggest jet aircraft maker on the back of its *popularity with airlines* everywhere. The company tells me it is still refitting them with modern quiet engines—for some airlines that cannot bear to give them up for trendier designs.

A few 707s, now surplus to airline requirements, are to become the ultimate status symbol as flying penthouses equipped with bedrooms, bathrooms, dining rooms, lounges, kitchens, and offices, indeed all the elegance suitable for royal families, wealthy oil men, even an occasional Secretary of State.

Middle East Airlines, a company which has a reputation for adding a spice of Lebanese flair to its international business operations, is buying old 707s cheaply—a complete jetliner can be found for as little *as $250,000—and is converting* them into aerial luxury suitable for up to 20 guests and a retinue of servants.

The 707s are noisy and use a lot of fuel. MEA does not believe such considerations will hold back customers. "In the Middle East there are plenty of people for whom money is no object," I am told.

Shot down

The 707 has a long history. But how long?

"Pan Am. You can't beat the experience," trumpets *whole-page* advertisements now running for that airline. Maybe. . . but you can knock the copy.

Aviation buffs are cross with the U.S. airline for claiming that it launched jet passenger travel "when other airlines could think no further than propellers."

The late British Overseas Airways Corporation, long since vanished into the black hole called British Airways, began development flying of the Comet 1 jet airliner in 1951 when Pan Am was swinging its propellers.

In May 1952 BOAC launched the world's first regular jet passenger service between London Airport (as we used to call Heathrow in those string and sealing wax days) and Johannesburg. Pan Am was still swinging its propellers.

Six years went by and in 1958, after the Comet's pioneer difficulties, BOAC was able to *achieve a double first in jet* travel with a transatlantic return flight of the new Comet Four between London and New York. Pan Am cooled its wings with propellers for a few more days before flying its own first transatlantic jet service with a Boeing 707.

Security check

Argentina's military junta may have tripped over its rifle by *imposing a ban on all EEC* goods. Galtieri's tit-for-tat embargo has halted a deal that was presumably intended to help the generals sleep more easily at night.

The contract was for special bonded *plastic* identity cards for every man, woman and child in Argentina *to be supplied by* West Germany's Agfa-Gevaert. As well as a photograph the cards have computer-coded punched holes that would take Argentina's internal security a big step forwards (or backwards *depending upon how you view* these things). The police state would be plugged straight into the memory bank.

Fun fare

Another story from my Andorran jokebook. Two gentlemen, ruddy of complexion and uncertain of step, waited impatiently at the bus terminus after a long and hospitable evening. The clock struck several quarter-hours before they realised that the last bus had gone.

Seeing several buses parked in the nearby depot, the pair decided to borrow one and drive themselves home. A search for a suitable vehicle found them, however, none the happier.

"At all, Frank," said one, "and would you believe it—not a number 24 in the whole damned place."

"Never mind," replied his companion. "let's take a number 11, get out at the roundabout and walk the rest of the way."

Observer

FINANCIAL TIMES SURVEY

Wednesday April 21, 1982

Asian Development Bank

The Asian Development Bank, set up fifteen years ago to channel funds from the world's richer nations into emerging countries in the region, has reached a watershed in its career. As this survey shows, its policies and direction are the subject of intense debate among the principal suppliers of its financial resources

Arguments threaten path of success

BY CHRIS SHERWELL

THE ASIAN Development Bank, 15-years-old and well established as a multilateral lender to the world's most populous continent, has begun to look distinctly unsettled over the past few months.

Most seriously, it has become caught up in a furious international row over development aid which is leading to enforced adaptation of its policies and could threaten its continued success. The debate reflects the two faces which developing Asia presents to the world: the free-wheeling, free enterprise achievements of countries like Hong Kong, Singapore, Taiwan and South Korea and the numbing poverty and persistent dependence on world support of the Indian sub-continent countries.

This has coincided with the appointment of a new president, Mr Masao Fujioka of Japan. Mr Fujioka, partly out of conviction and partly out of a cool recognition of which way the political wind is blowing, wants to push the Bank in directions where it seems likely to be forced anyway. But in manner and character he is a complete contrast to his fellow-countryman predecessor and the overall change has come as a shock to the institution.

One intriguing side-effect of this has been to raise the question of whether the ADB is likely to keep its reputation for being "a Japanese operation designed to benefit Japanese business." This image has always been slightly unfair. Pound for pound, Britain has actually done better than Japan out of contracts associated with Bank lending. But in a curious way U.S. influence on ADB policy has probably never been greater, paradoxically at a moment when America is determined to curb its contributions to the bank's resources.

The ADB's access to funds expire at the end of this year and the most immediate consequence of the row over development aid has thus been to threaten the Bank's financial base. Countries like the U.S. and Britain, committed to expenditure-cutting policies and wanting greater value for money in giving aid, have challenged the now classic 1970s view represented by the Brandt Commission report, which calls for a large-scale transfer of resources to the developing countries and major reforms of the global economy.

These countries have instead adopted the international version of Reaganomics and argue that the "magic of the market" will conjure growth out of enterprise, incentives and the avoidance of planning. In the ADB this view now seems to be in the ascendant, at least in relation to the bank's soft loan window, the Asian Development Fund (ADF), which lends to the region's poorest countries for periods of up to 40 years of zero interest.

Tough limits on the U.S. contribution and a hard line from Britain mean that the ADF faces the prospect of receiving as little as $2.4bn for its 1983-86 replenishment unless other countries boost the total higher by breaking the customary links with the U.S. which determine their shares. The figure compares with an original Bank target of $4.1bn.

In fact a breaking of links looks increasingly likely and a replenishment topping of $3bn is probable when donor countries meet for the fifth time on the issue ahead of next week's annual bank governors' gathering in Manila. But this would still barely maintain in real terms the level of the previous 1978-82 replenishment of $2.15bn and depends principally on the goodwill and deep pockets of Japan, Australia, France and some other donors.

It will also mean some tough decisions for the Bank and the poorest borrowing countries, whose development efforts will become more difficult to finance. With less money than planned available on concessional terms, the strains will increase on the Bank's ordinary capital resources — the funds from which the bank lends on harder terms — now a fixed rate of 11 per cent for periods of 15-20 years or more.

These strains are likely to be magnified by India's intention to borrow from the Bank for the first time. New Delhi's borrowings will be made on the Bank's harder terms, but the Bank's capacity to meet all these additional demands will depend crucially on negotiations on a third general capital increase covering the period 1983-87. This increase, however, which will determine the amount the bank can actually lend on harder terms, is also likely to become bogged down in argument between hardliners and others.

The Bank is proposing a 125 per cent increase in subscribed capital, of which 10 per cent would be paid in. But there are suggestions, notably from the U.S., that this should be only 100 per cent, with zero physically paid in. The U.S. also believes that ADB borrowings on the world's capital markets, which use this callable capital as collateral, should be fixed at higher than 75 per cent of the capital subscribed in convertible currencies.

The Bank is nervous about the implications of such proposals. A smaller capital increase would hit its lending capacity and a lower "pay-in" ratio would add up to 1½ points to borrowing countries' costs. But it acknowledges the possibility of marginally increasing the "gearing ratio" which fixes its own borrowings.

With such arguments going on, it has plainly turned out to be the worst possible time for the Bank to seek both an ADF replenishment and a general capital increase. One portent of the consequences of limited future resources is already apparent, with certain developing countries even having to curb their access to the Bank's soft and hard loan windows.

Thus Pakistan, normally entitled to ADF funds, is having to borrow money on harder terms. Indonesia, Thailand and the Philippines, all entitled to some ADF financing, must all now go only for loans at harder rates. Singapore and Hong Kong simply do not approach the Bank any longer.

This process of "maturation" and "graduation" is something Washington wishes to encourage. But the row over development aid not only threatens the size and scope of ADB lending: it also challenges the nature of its assistance and this too is undergoing a change under Mr Fujioka's guidelines.

A Reagan Administration study last year on U.S. participation in the multilateral development banks, while coming out as far less critical than its proponents hoped originally, cited two points of real concern; that the banks seemed more concerned with the quantity rather than the quality of loans and that they took insufficient account of country need or of alternative financing in deciding whether governments borrowed on soft terms—or indeed at all.

The ADB had in fact already taken on board the implications of this line of thinking. Mr Fujioka has echoed many times the favourite U.S. theme of pushing hard for greater involvement of the private sector in the bank's lending activities, notably through co-financing of projects with commercial banks and, eventually, direct or indirect equity investment by the ADB.

The Bank's board is due to consider solid co-financing proposals in May, including a com-

CONTINUED ON NEXT PAGE

ASIAN DEVELOPMENT BANK — THE RECORD

($m)

RESOURCES AND FINANCES	1977	1978	1979	1980	1981	1967-81
Ordinary capital resources:						
Authorised capital	8,711	9,407	9,512	9,209	8,404	—
Subscribed capital	6,961	8,741	8,861	8,297	8,297	—
Borrowings (gross)	117	390	348	458	668	3,123
Outstanding debt (end of period)	1,205	1,610	1,777	1,872	2,274	—
Ordinary reserve (end of period)	146.1	181.1	250.4	360.8	512.0	—
Gross income	168.9	214.6	260.3	309.0	347.1	—
Net income after appropriation to special reserve	52.7	73.6	101.1	126.5	139.7	—
Special fund resources (mainly Asian Development Fund):	1,285.2	1,846.7	2,005.4	2,916.1	3,184.7	—
ADF gross income	22.6	29.8	38.0	49.9	51.0	—
ADF net income	15.6	19.6	22.6	29.7	25.9	—
LENDING ACTIVITY						
Ordinary loans:						
Number of loans	24	31	29	29	30	317
Amount of loans	614.6	778.2	835.2	958.5	1,146.7	6,799.4
Disbursements	273	295	361	429	518	2,822.6
Special funds loans:						
Number of loans	21	22	29	30	27	246
Amount of loans	271.8	380.5	416.3	477.2	530.9	2,971.5
Disbursements	84	167	125	150	149.2	886.9
Technical Assistance Fronts:						
Number of projects	42	47	57	56	49	424
Amount of fronts	7.2	11.1	13.9	14.2	14.8	90.2
Projects for which loan approval given	41	51	54	58	54	509

Source: Asian Development Bank.

CONTENTS

ASIAN DEVELOPMENT BANK II

Serious problems of finance have to be resolved in the near future

Uncertainty hampers future funding arrangements

IT MAY be going a little far to suggest that there has been a crisis in recent months over the Asian Development Bank's future funding but the pall of uncertainty hanging over the institution has been palpable. Even now the outlook remains unclear.

Ahead of next week's annual governors' meeting the replenishment of the Asian Development Fund (ADF), the Bank's soft loan window, had still not finally been settled. But it was certain that the end result would fall well short of the Bank's original hopes. This alone promises difficult decisions for which there has been little preparation.

In addition, plans or a general capital increase look like becoming bogged down in argument. There are doubts over its size, the degree to which it should physically be paid in by the donors, the amount of ADB borrowing on international capital markets which it would entail and the resulting cost of borrowing for the Bank's developing member countries.

The ADF replenishment question should have been settled at meetings of 17 developed member countries in Geneva last July and in Canberra in November. Subsequent meetings have taken place in Paris in February and in Washington last month. The issue is now due to be thrashed out finally at a session before the governors' meeting.

Replenishment

The Bank, with the board's endorsement, originally proposed a replenishment of $4.1bn, representing a sizeable increase on the $2.15bn total of the 1978-82 replenishment. But in Paris the U.S., having reassessed its policy towards the multilateral development banks, offered only $130m a year over the four years 1983-86.

This represented an increase on Washington's previous 1978-1982 contribution, and made the ADB an exception to its counterparts elsewhere, which faced cuts under President Reagan's tough budget policy. But under the burden-sharing mechanism which customarily fixes the U.S. share at 22 per cent it entailed an overall ADF replenishment of some $2.3bn to $2.4bn—a substantial drop in real terms.

The U.S. has since stuck broadly by this position, offering only a token increase. This has forced some other donors to consider breaking the link determining their contribution, with the aim of boosting the overall replenishment figure above $3bn. This still disappointing figure would at least maintain ADF funding at the same level in real terms as in the previous five-year period.

Japan has said it is ready to match the total additional pledges made by other willing countries, which could mean that Tokyo could contribute anything up to $350m on top of its one-third share of around $780m. Australia and France are among donor countries prepared to volunteer supplementary amounts on top of those set by the U.S. contribution. Britain is thought to have remained firmly in the U.S. camp and adhered to its hard line.

This idea of additional contributions follows on a larger scale the precedent set by the last replenishment, when the basic $2bn figure was boosted to $2.15bn by supplementary contributions from Japan and West Germany. Because the contributions would be voluntary and classified outside the basic replenishment, the burden-sharing mechanism would technically remain intact. But for all practical purposes it is being jettisoned; some countries, in the words of one Bank official, have come to regard the mechanism as less important than the fate of the ADF and of the poorer countries which need its resources.

With the original ADF target of $4.1bn thus consigned to history and a figure above $3bn still finally to be clinched, some tough decisions are looming. In the first place some of the poorest countries will have to be content to borrow less money on concessional terms than planned and try to borrow relatively more on harder terms if they are to maintain their development effort. Countries previously with access in principle to concessional loans through the ADF may have to forgo this option altogether.

The Bank's lending decisions will be rendered still more difficult by the fact that India for the first time wishes to start borrowing from the Bank's ordinary capital resources—that is, on its harder terms—up to a level of about $2bn over the next five years. India needs to borrow because the World Bank's soft loan arm, the International Development Association, from which New Delhi is a major borrower, also faces severe cuts.

All this will impose additional strain on the ADB's lending capacity at a time when there are already several unanswered questions about the Bank's proposed general capital increase, which will ultimately determine how much the bank can lend on harder terms.

Mr Masao Fujioka, the ADB's president, went on record in New York last month as proposing an increase in the bank's capital by 125 per cent for the 1983-87 period. Ten per cent of this would be paid in, he said, while 90 per cent would be callable capital as collateral for ADB borrowing on the world's capital markets.

In fact it is not yet settled that this third general capital increase will be 125 per cent. There is also a suggestion that the increase be limited to 100 per cent. Much hinges on the views of the U.S. and Britain, which are expected to take a relatively hard line in the negotiations. Subscribed capital at December 31 last stood at $8.3bn.

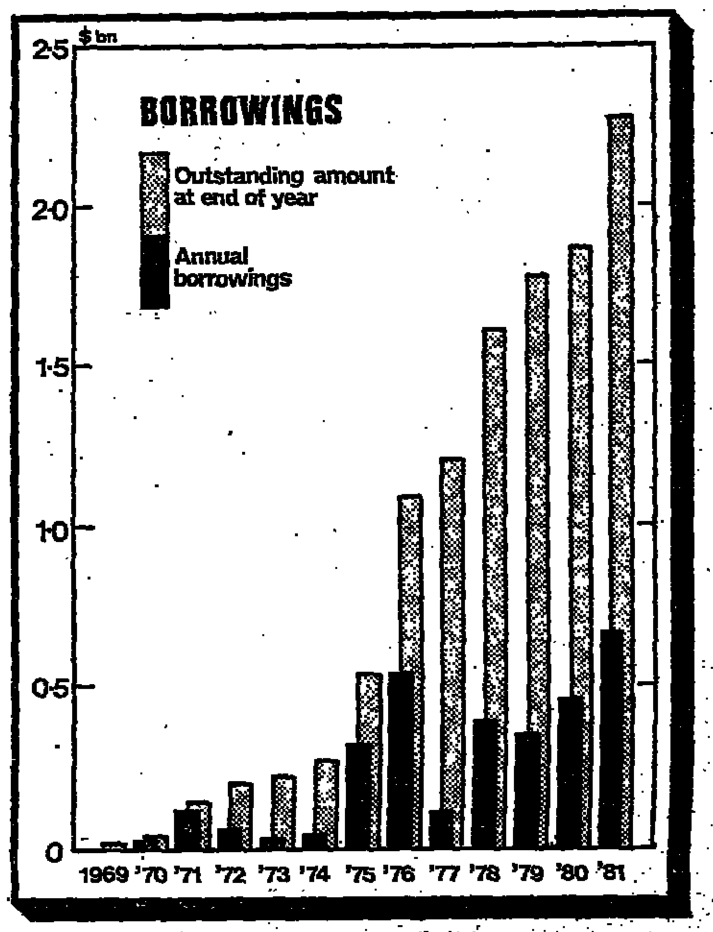
Nor is it settled that contributors will pay in just ten cents in every dollar, as is customary. Although this is the Bank's proposal, the U.S. would like to see a zero figure. A likely compromise is said to be 7½ cents, putting the ADB in line with the World Bank and its Western Hemisphere counterpart, the Inter American Development Bank.

One senior ADB official dislikes this trend, arguing that it has a deleterious impact on the capital markets' perception of the Bank. In his view the bank already has problems in this area because it is based far away in Manila and should emphasise the need for strong shareholder support.

A drop below 10 cents, he says, might be viewed as a sign of weakening resolve on the part of its members. He cites the U.S. Treasury report on participation in the multilateral development banks, which foresees the phasing-down and eventual elimination of the paid-in proportion of subscribed capital. Immediate elimination, and even a drop, he feels, would be too costly in terms of goodwill.

This view is not shared throughout the Bank. The real consequence of a change, says Ed Roberts, the Bank's Treasurer, would not be in the markets but among the borrowing countries. If the U.S. preference went through, he says, it could add at least half a point and as much as 1½ points to their borrowing costs.

The Bank in fact raised its lending rate at the beginning of the year to 11 per cent from the 10.1 per cent figure of last July, partly as a result of rising costs of its own borrowings but also, in Mr Fujioka's words, "to ensure future profitability and stability."



The figure, ostensibly set by a formula, is in practice a compromise between developing and developed countries. While less than the World Bank's figure of 11.6 per cent at present, it can be a heavy burden for a country given that until recently, borrowers had to bear the cost of exchange rate fluctuations in the foreign currencies they received. Under a new scheme starting on July 1 these costs are to be shared by all countries under an exchange risk pooling system.

The 11 per cent figure is also well below the rate at which some of the ADB's member countries could borrow on the yen or Swiss franc markets, for example, although such borrowings would be at a floating rate and short term, whereas the ADB lends at fixed rate and long term.

How much the bank borrows on the capital markets is limited by the amount of capital subscribed by member countries with convertible currencies. But the Bank borrows only 75 per cent of this limit under its own internal arrangement and this too is coming under attack from the U.S., which argues that the Bank is being too conservative.

The bank contends that this is not a constraint on its ability to go to the capital markets and that in an era of currency fluctuations some margin is needed. But it also acknowledges that some increase is possible if it is done slowly with due regard for market sensitivities and provided the outlook is stable on the foreign exchange front.

Borrowings

The ADB plans to go to the markets this year for $850m of borrowings at an average rate of 10.5 per cent, continuing the rising trend of recent years. Last year the total was $668.5m at an average cost of 9.3 per cent, and in 1980 $457.8m. The overall total raised by the end of last year amounted to almost $3.1bn. By 1987 the Bank expects to be raising $2bn per year.

So far this year the Bank has raised Y20bn through its eighth bond issue in Tokyo and it plans another Y40bn. It also made its first long-term borrowing in the Dutch domestic market in February, for Fl. 100m. The $850m figure also includes an offering at some point of about $100m in the U.S., the first time since 1976 that the bank has gone to the New York market.

One particular problem in the management of the ADB's finances has been how best to handle its portfolio of committed but undisbursed capital. This amounts to some $2bn. The Bank is widely believed to have lost money in the past, either because of the way it managed its funds, keeping most of them in long-term time deposits, or because it has been badly sited in Manila to manipulate the funds effectively. The bank is now hoping to improve this. The appointment of Ed Roberts, who understands the operation of the world's markets, is being welcomed and the Bank is hoping to upgrade its communications with the outside world in the coming year.

Chris Sherwell

Arguments threaten path to success

CONTINUED FROM PREVIOUS PAGE

plementary financing scheme under which, for particular projects, the ADB would lend both on its own terms and on commercial terms. The latter would then be passed on to commercial banks with the stipulation that a borrower's failure to repay would amount to a default against the ADB. Proposals are also emerging for equity investment based on the World Bank's experience but are far less advanced.

As part of his drive to involve the private sector more Mr Fujioka also wants to see the commitment to energy projects grow, though with relatively less emphasis on power generation and a relatively greater commitment to "harder" parts of social infrastructure like roads, rather than health or education. Over the past 15 years the biggest proportion of lending has been on agriculture.

The U.S. would also like to see greater "conditionality" in the lending policies of the multilateral development banks—in other words greater insistence that borrowers adopt certain economic—or at least pricing and tariff—policies. This is something the ADB is already doing in certain areas of its project lending, notably in the energy and water supply fields. But the Bank is not lending on a big enough scale to become involved in the sort of structural adjustment lending which allows the IMF or World Bank to insist that certain broad macro-economic policies be followed by a borrowing government.

The Bank under Mr Fujioka is also keen to publicise the business opportunities open to companies in the donor countries under the Bank's international competitive bidding policy for contracts associated with its lending. Certainly the image of the ADB has been a little unsatisfactory in this respect.

Perceptions

Public perceptions that the ADB primarily benefits Japanese business seem at first to be borne out by the figures. Japanese companies had won 31.4 per cent by value of the contracts concluded for goods, services, civil engineering and consultancy by the end of 1981—$1.4bn out of a total of $4.5bn.

But this broadly matches the one-third share of funds contributed by Japan to the Bank's ordinary capital resources and Asian Development Fund — a share which, in the case of the ADF, is likely to be exceeded in the coming replenishment because of the small U.S. contribution.

Moreover, a look at the actual figures shows that Britain, alone of donor countries, managed to win contracts to a value ($238m) greater than its total contributions to the bank ($194m). Britain, together with the U.S., has also done particularly well in winning contracts for consultancy but curiously these countries have not automatically secured the project contracts that often follow such work.

This is something the U.S. in particular would like to remedy and the Bank is now advertising more widely details of the contracts on offer under its lending programmes in an effort to stimulate competition and redress the apparent imbalance. Mr Fujioka himself has also visited Europe and the U.S. to spread the word, in effect taking the Bank to potential contractors rather than the other way round.

This is typical of the man. Mr Fujioka is determined to push the Bank in directions he sees fit and is using all the tools at his disposal, including the Press, which he has promised to meet regularly in Manila. His arrival, however, has had a strong impact on bank staff.

Senior officials say they have been surprised by Mr Fujioka's growing habit of effectively setting or announcing bank policy before it has been finally cleared at the highest levels. Their precise reaction appears to depend on whether their ideas have been taken up or not. One economist, for example, is excited about Mr Fujioka's eagerness to establish the Bank as an informational source for all Asia, setting it up as a development institution rather than just a lending institution. Another official is dismayed by a prospective reorganisation of his department, ordered without consultation. All have reacted warily to Mr Fujioka's plans to streamline the Bank by getting rid of "dead wood."

If all these changes are leaving the Bank somewhat unsettled they may also revitalise it. If the limited resources thrown up in the present recessionary times mean worthwhile development projects cost more or go unfunded they will also inject a new discipline into the Bank's work and stimulate efforts to find fresh sources of funds.

But it is far from obvious that the currently fashionable theories about aid strategy offer any more reliable guide to development policy than those which have already established the ADB as an effective multilateral lending agency. Rich countries cutting back on their multilateral aid for the understandable reason that they cannot justify it domestically still risk an eventual North-South confrontation with user countries if they cannot conquer their own economic problems and maintain an open and growing international trading system.

Bukit Ibam township lies in the area of Malaysia's Phang Tenggara project—one of the major schemes financed by the ADB

PROFILE: ED ROBERTS

Treasurer with push

Mr Edward Roberts

ED ROBERTS has adapted easily to life in Manila and to his work as the ADB's treasurer since arriving in the Philippines some six months ago. He sports a tan and a powder-blue barong tagalog (traditional Filipino shirt) and talks confidently of the intricacies of the Bank's finances.

Although a New York banker who plainly knows his markets, Roberts' background was originally law, which he studied at Duke in North Carolina after college in Pennsylvania. He has worked in Tokyo and Australia but his contacts with ADB began in the 1970s when he was with First Boston and latterly with Lehman Brothers. He handled the ADB's dollar bond issue in 1976.

Roberts' biggest problem is to improve the management of the Bank's own portfolio—a figure expected to climb to $4bn by 1987. "We have 50 or 60 different institutions giving market reports from across the world," he says. "We need to talk to a lot of people and the telephone system here is not up to it. We must organise good communications out of here. There's a big opportunity lost in not doing so."

Roberts will not admit to it but that cost is privately reckoned by ADB officials to have become almost intolerable. Indeed, they say that is why he has been appointed. From all accounts he is proceeding with considerable gusto.

In trying to anticipate the course of the world's financial markets while planning the Bank's borrowings, Roberts makes the conservative assumption that any particular market will suddenly "close down," as he puts it, to an external borrower like the ADB. "It's the job of the treasurer to be conservative," he says. "We must prepare for the worst possibilities or look foolish if we have no fall-back position."

On the bank's planned dollar bond offering this year Roberts acknowledges that this is not absolutely necessary now. "We'd like to build up there [in the U.S.] as a backstop," he argues. "We haven't been there for a while." The UK market is also looking more attractive, he says. "But we don't want to overload the borrowing programme with high coupon debt." London's queueing system is also a disadvantage, he says.

Why did the Bank make its Dutch offering in February? "The Charter says we should diversify our currencies," says Roberts, "and the market there is interesting in exchange risk terms." He also believes it is important to go to a domestic market direct and get better contact with people there rather than simply deal through the Euromarkets.

Roberts acknowledges that the 11 per cent the bank currently charges member countries borrowing from the hard loan window is a compromise between a low figure of about 10.4 per cent based on the ADB's borrowing costs and a conservative high figure of close to 12 per cent.

"We don't have to have 11 per cent," he says, "but it shows the capital markets that we have long disbursement periods, that we recognise we live in uncertain times and that there is a need for extra margins."

In this respect he sees important implications for the bank's forthcoming general capital increase and for the question of what proportion the donors actually pay in. He says he's far more worried about the resulting cost to the borrowing member countries of a fall below the present ten-cents-in-the-dollar level paid in than about the impact of such a lowering on the capital markets. "It could add up to 1½ points to their costs," he says. As for the ADB replenishment, his view is straightforward. "People got hung up on that $4.1bn figure. We'll be short on it, and a lot will depend on [ADB President] Fujioka's preparedness to say: "Let's get on with it." The experience of the past six months suggests that Roberts will push hard for the bank President to do just that.

C. S.

PROFILE: MASAO FUJIOKA

Stylish top man heads into time of change

EARLY LAST month Mr Masao Fujioka, ADB's President, was browsing through the sheaf of papers and letters on his desk when he came upon a candid memorandum from one of his Canadian staff. The note made manifest the member's intention to quit ADB. The reason he gave was that the Bank seemed to have a half-hearted concern for the welfare of its employees. The complaint centred on the Bank's housing allowance, which the Canadian thought was unrealistically low when viewed against the rising rents in Manila. With the allowance he was getting, he said, he could afford only a small old house.

The afternoon of the same day the ADB president was telephoning the sender of the memo asking to be shown the house. He did see it and that short trip set in train a series of "Fujiokan" moves that shortly resulted in a message to the Philippines' Prime Minister, Mr Cesar Virata, urgently asking that the ADB be allowed to own a tract of land which it could develop into a housing estate for its expatriate staff.

If the incident does not show the president's concern with staff problems in the best light it at least demonstrates his agility—sometimes bordering on impulsiveness—when it comes to making decisions. In private circles in the Bank this decisiveness has been labelled as "Fujiokan."

His desire to get things done quickly brings with it a management style that is diametrically opposite to that of his predecessor, Mr Taroichi Yoshida. Some senior officials recall that Mr Yoshida was both conscious and cautious of the bank's "Japanese-ness" and deliberately kept a low profile by letting his two vice-presidents—an American and an Indian—run the show. He encouraged the two top officials to evolve policies; decisions were arrived at through a consensus.

At the other end of the spectrum is the 57-year-old Fujioka who is his own man, has his own visions of the Bank's direction and his own notions as to how to steer the bank towards that. The Bank staff is divided between those who see Fujioka's style as a badly-needed shot in the arm and those who fear that he is moving in too quickly and may make some enemies. One of those in the latter group has laid a bet that in no time Fujioka will come into strong friction with some of his officers.

Mr Masao Fujioka

Bank officials say that policy decisions are now often handed down from the top. They do not exactly disagree with Fujioka's thinking but according to a staff member, "It is good for morale to be consulted about bank matters and to be able to give our opinions."

Another official, noting that some senior staff have sometimes been bypassed, said: "He is less concerned with being a gentleman." Yet another, referring to the President's celerity and direct manner, said: "I don't think he's Japanese at all."

Many are pleased with the firm hands guiding the Bank today. "We're going places — and fast at that," said another official. Confidence in Mr Fujioka appearently stems from the belief that he is not new to the Bank and that, having viewed it as an outsider, he's coming back to it with a fresh outlook and a better perspective of its problems. In 1966 Fujioka was loaned by Japan's Ministry of Finance to the committee which prepared the establishment of the ADB. He was then a director of the Ministry's International Finance Bureau. He became the Bank's first director for administration and laid the groundwork of the Bank's organisation.

He was part of the Bank during the first three years of its existence and he looks back at those years as the most hectic period of his life. "I worked on the compilation of the budget, on organisation of the bank and on a series of administrative procedures," he said.

In the intervening years before his reunion with the bank he was back at his country's Finance Ministry as Director-General of the International Finance Bureau. At the same time he was executive director of the Export-Import Bank of Japan and of the Japanese International Co-operation Agency (JICA). Back in Tokyo he was able to look at ADB's operations from an outsider's viewpoint. If he had criticisms of the bank's procedures he is now in the best position to work on them.

Fujioka comes back to the bank at a time when its donor countries face a creeping sense of "foreign aid fatigue." Financing, particularly for its soft loan window, is more difficult to get and it has to depend more on the international capital market, where funds are a bit more expensive.

"Fund-raising will be a top priority during my presidency and I believe that the ADB should aim to borrow more capital abroad," Mr Fujioka said. He therefore wants to promote the bank's image as a sound institution. He himself is spearheading the image-building process. Never before has an ADB President — all of whom have been Japanese — gone on an international speaking spree. It is no mere coincidence that Mr Fujioka addressed prominent groups in London and New York, two of the world's biggest capital markets. Since he assumed his post last November ADB has had a high profile in the international Press.

Another area close to Mr Fujioka's heart is the Bank's administration. "Another top priority for me is to ensure that the Bank acquires the best people to work for it," he said, adding that the Bank needs to recruit more than a hundred staff in the near future, including replacements. This has sent shivers through the bank staff — from clerks and the ubiquitous secretaries to senior staff members. Not a few are convinced that Mr Fujioka, who was trained as a pragmatic lawyer at the University of Tokyo, is set to cut administrative costs and to rid the Bank of redundant staff.

His presidency will be dramatic not only because of his remarkable style but because he is head of a bank that is at a turning point. The next two years will be a watershed for the bank — its organisational structure will see some major changes and, more significantly, its operation will see some redirection in the face of its own financing difficulties.

Emilia Tagaza

ASIAN DEVELOPMENT BANK IV

Throughout the region ADB is involved in many projects designed to improve the economy and living standards of developing countries. A selection of these schemes is described on this and the following page

Secure water supply for Bangkok

Thailand

BANGKOK'S intricate water supply project, designed to bring safe and reliable water to most of the 4½m population of Thailand's capital, has an unusual status inside the Asian Development Bank, which has supported the plan so far to the tune of $87.6m. "It helped bring down the Thai government last year," claims one senior official in the ADB department responsible for the project. "Water prices had to be put up and the government fell."

Last year's April Fool's Day coup was in fact a more complex affair than that. Earlier price rises for petrol, electricity and the telephone also helped explain public apathy towards the ousted government. The coup, which eventually proved abortive, was also attempted for political as well as economic reasons.

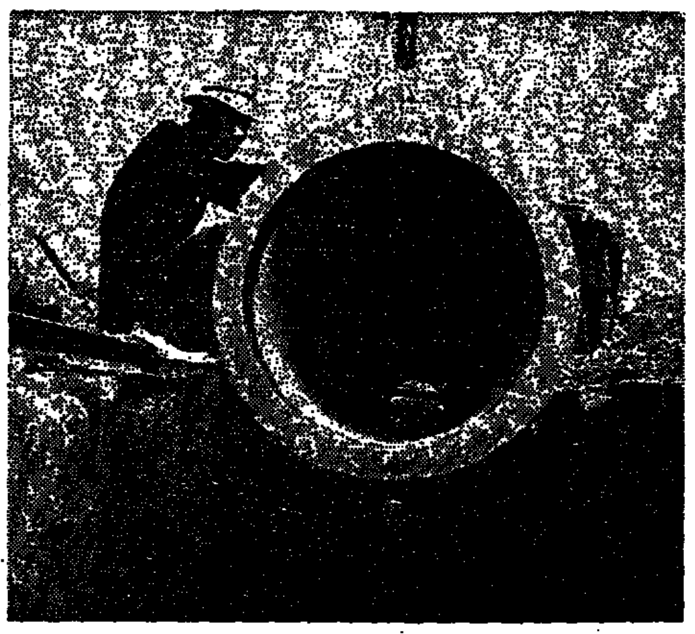
The ADB official comment none the less underlines the Bank's general sensitivity about its involvement in economic, and especially pricing policies, through its project lending. In the particular case of the Bangkok water supply project ADB loans did not specifically require increases in water rates. But financial covenants did demand rates of return on the investment which entailed such rises and which would generate local currency revenues to help cover future capital costs.

The Bangkok project, part of a Metropolitan Water Works Authority (MWWA) plan to increase the capacity of the city's water supply and improve its distribution and quality, offers a welcome environmental improvement in a country whose whole community life revolves round the supply of water.

The previous antiquated and poorly functioning system, whose leaking pipes often crossed with the sewerage network, served only a small proportion of Bangkok's people. Others depended on wells or on the Chao Phya River for their supplies.

One result of the increasing number of wells has been a high degree of land subsidence—Bangkok is being called the Atlantis of the East because it is sinking into a bowl shape at 14 times the rate of Venice. Large areas of the capital are expected to be between 10 cm and 100 cm below sea level by the end of the century, since some parts are subsiding 12 cm a year. Moreover, the city as a whole is becoming increasingly prone to serious flooding during the monsoons.

A key principle behind the Bangkok project is thus to stop ground water being pumped out in critical areas by industries and domestic users, and to replace these supplies with surface water. The project is crucial if Bangkok's rate of subsidence is to be slowed.



Laying pipe for the Bangkok water scheme

By the time Stage 1 of the project is completed in 1985 4.1m people—about 84 per cent of the projected population—will benefit directly from a central water supply system. Originally an ADB loan of $19.6m, together with a $55m loan from the World Bank, was to cover the whole of the first stage. But costs went through the roof with the rise in oil prices and Stage 1 was split into two phases.

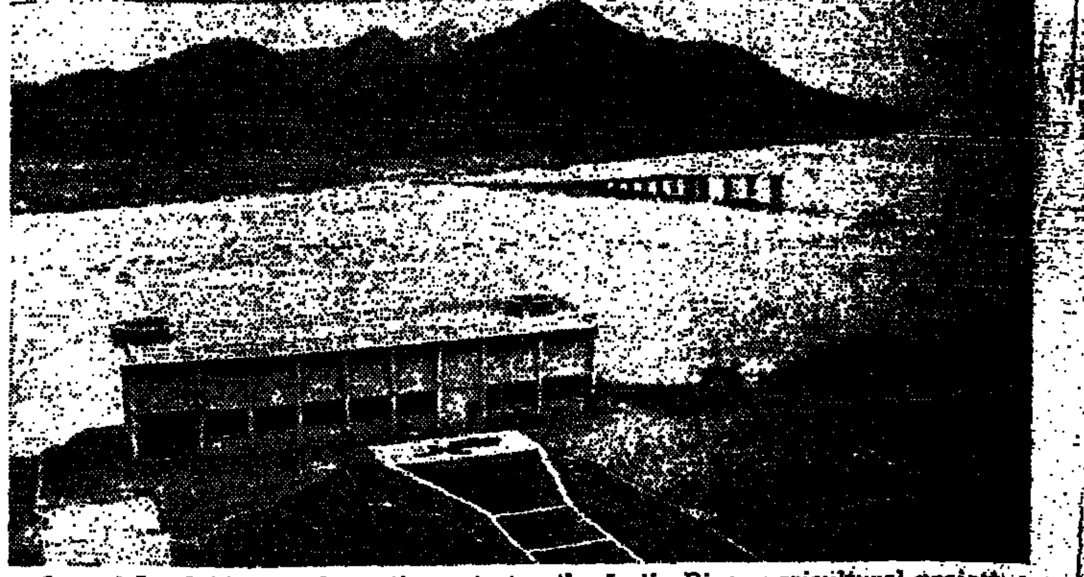
The first was completed in 1979, close to its reassessed cost and schedule. In that year an ADB loan of $68m, together with Y8.4bn (about $34m) from Japan's Overseas Economic Co-operation Fund was put towards an upgraded second phase. In both phases the ADB loan came out of its ordinary capital resources. Funds also came from the Thai government and from internal cash generation by the MWWA.

The whole of Stage One involves the provision of over 1.2m cubic metres of water a day to be treated, stored and distributed to meet demand across the sprawling city. This has required construction of a raw water intake canal, a siphon, pumping stations, water treatment plants, reservoirs and miles of major tunnels.

It has also involved, at some cost in traffic disruption, laying hundreds of miles of new trunk mains and distribution lines, rehabilitating existing lines and installing supply valves and flow meters. A few new and replacement deep wells are also being constructed. Many of the contracts have gone to local companies.

The second phase of this first stage is due to be completed by the end of this year but may be subject to some delay. A $25m loan for the last 1983-85 phase has still to be sewn up. Consultants are meanwhile working to prepare Stage 2 of the project, beginning in 1985, and designed to ensure supplies for another five to ten years.

C.S.



One of South Korea's domestic projects—the Imjin River agricultural project

Springboard for exports

South Korea

SOUTH KOREA'S greatest natural resource is said to be her people. But the Land of the Morning Calm has also benefited considerably from foreign assistance, including multilateral loans given by the Asian Development Bank to help the country's industry and agriculture.

ADB support has helped South Korea establish its foothold in the Gulf and Asean markets for major development project contracts—in some cases at the expense of European, U.S. and Japanese competitors. Likewise, ADB assistance has helped bring the ever security-conscious South Korean Government closer to its cherished goal of national self-sufficiency in grain.

The Korea Heavy Industry and Construction Company (KHIC) offers a good example. In December 1977 it won its first turnkey contract for a $250m (£143m) cement plant in Saudi Arabia. The company could not have bid had it not been able to manufacture cement-making machinery. That ability was gained through an ADB-backed expansion of its Gunpo plant south of the capital, Seoul, in 1975-77.

The ADB's $17½m loan, supplemented by local currency resources of $12.4m, allowed the Gunpo plant, which was begun in 1970, greatly to increase its size by adding machine and fabrication shops to its foundry and forges. With its new capacity the plant could produce cement-making, paper-making, textile and petrochemical equipment. It could also manufacture bulk-handling equipment, including overhead and container cranes, heavy construction and agricultural machinery, power plant and air conditioning equipment.

As the plant's expansion continued with Government help, however, the company, then known as Hyundai International, plunged into deep financial trouble. In 1980 it was taken over by the state, renamed and restructured. KHIC's principal shareholders are now the Korea Development Bank (46.7 per cent), the Korea Electric Power Corporation (26.5 per cent) and the Korea Exchange Bank (21.5 per cent).

Recovery

Officials say that the Government takeover followed a period of over-investment and rising costs at a time of growing recession and that the company, which recorded losses in 1979 and 1980, is on the road to recovery. But while the signs may be encouraging, it is probably too early to judge its prospects.

On the exports front KHIC says it has secured a letter of intent for a $13m paper mill in Indonesia and is bidding strongly for two cement plants worth a total of more than $500m in the Gulf and in an Asean country. The company also has good sales in petrochemical equipment and in military hardware—notably for the shoes and links used for tank tracks.

Domestically the company is said to be doing well with its industrial air conditioning systems, thanks to the booming construction sector, and with its car coolers, which go into the locally-produced Pony. The market for textile-making machinery has stagnated, however, and parts of the Gunpo plant are lying idle. Sales of lathes and milling machines are also described as poor.

The problems of the Imjin area agricultural project, also supported by the ADB, have been different from those of the Gunpo industrial plant, although they may be traced back to the same source—an overheating economy in 1979 and 1980. For the Imjin project the consequences have been serious by Korean standards—it is being completed next year, more than three years late and at more than double the local currency cost.

The project is in an unusual location, near the demilitarised zone (DMZ) separating North and South Korea. Large concrete structures, looking like uncompleted flyovers, straddle the Unification Highway which runs north of Seoul to the Imjin River and through the project area. The structures are designed to be blown up to obstruct the advance of an invading force.

It is the biggest of the three agricultural projects backed by the ADB in South Korea, and involves the development of 8,166 hectares, including consolidation of 4,500. A newly constructed pump station on the Imjin pushes water through 286 km of canals with the help of another 11 secondary pumping stations. Two drainage stations and a regulating reservoir have also been built. None of these facilities existed before 1975.

In its purpose of improving water supply, drainage and agricultural methods, the project has already achieved results. Before 1975 rice yields were put at 3.08 tonnes per hectare, and farmers' average incomes at around 1m won (£790) annually. Now yields are said to be 4.25 tonnes per hectare, incomes 3.7m won. Farmers pay for their water according to the grade and area of their land; 98 per cent are said to pay on time.

These results have not been secured painlessly. For the farmers an important if beneficial disruption has been to the land itself. In true modern Korean style the old, irregular paddies have been ploughed up, levelled and demarcated afresh. Some farmers have even had to move house, albeit to be closer to their land.

Apart from this consolidation the project has required conversion of 440 hectares of "upland," suitable for dry crops like vegetables, to paddy for growing rice. Owners of these uplands have strongly resisted the change because they can earn larger incomes from growing vegetables or fruit for the nearby Seoul market. Government officials say the proximity to Seoul makes this problem peculiar to the Imjin project and acknowledge that it is virtually impossible to solve.

The biggest problem with the Imjin project, however, has been the escalating cost. The Government decided in 1980 to delay this and other agricultural projects in favour of industrial projects as part of its policy of public spending cuts designed to curb the country's rising inflation rate.

In the intervening period the 1979 oil price rise and higher labour costs in Korea combined to force up the Imjin project's costs. Originally estimated at 22bn won, they are now put at 45bn. The ADB foreign currency contribution, made out of the Bank's ordinary capital resources, has remained unchanged at $19m.

The ADB's loans to South Korea are thus regarded in Manila as a qualified success. The question which has yet to be answered, however, is whether South Korea should join Hong Kong and Singapore on the list of countries not borrowing from the ADB because of reaching a certain stage of economic development. Ministry of Finance officials, pointing out that South Korea is a large country with underdeveloped rural areas, insist that its infrastructural and agricultural projects will continue to need lower cost money and insist that, for the time being at least, the Government will continue to borrow from the multilateral lending agencies.

C.S.

Among the biggest beneficiaries

Bangladesh

THE ASIAN Development Bank has become one of the largest sources of economic assistance to Bangladesh and because of its increased activities in the country it will soon be opening a resident mission in Dacca—the first outside Manila. This reflects the bank's interest and commitment in one of the world's poorest countries, whose 90m inhabitants are crammed into about 55,000 sq miles of territory.

Bangladesh became a member of the ADB nine years ago in March 1973, just 15 months after it became a sovereign nation. Up to December last it had received from the bank a total commitment of $838m to finance 44 projects. In addition to its own lending operation the ADB has been co-financing with official bilateral and multilateral sources. Among the multilateral agencies involved are the World Bank, United Nations Development Programme (UNDP), World Health Organisation (WHO), International Fund for Agriculture Development (IFAD), as well as EEC and OPEC funds.

The Bank has been consistently increasing its commitments to Bangladesh. During 1981 its commitments rose $191m and this year they are expected to pass the $200m mark. Because of its backward state of economy, Bangladesh has been receiving only soft-term special fund loans from the bank and has become the largest recipient of such loans.

In line with the country's general priorities about 57 per cent of the total Bank commitment has been for agriculture, followed by energy, infrastructure, health and education. Bangladesh attaches importance to the Bank's lending because of certain special features it has. Contrary to many bilateral donors who confine their aid programme and commitment to only one fiscal year, the Bank has a multi-year planning system. Besides, its programme loan, which provides funds for commodity imports, is of vital importance to Bangladesh, which has been having serious problems with the commodity assistance that finances its import bill and also generates counterpart funds for development.

Bangladesh was the first country to receive an ADB programme loan—in 1978—which was followed by two more programme loans for agricultural support facilities and public health. The authorities are now trying hard to persuade the Bank to increase the amount and number of programme loans and expand the share of local cost financing (LCF) of the bank-financed projects. The adverse aid climate in the past two years together with worldwide economic recession have badly affected the country's export earnings. In 1980 the share of LCF in total Bank lending in Bangladesh was 18.3 per cent compared to 23.8 per cent for Nepal and 20.9 per cent for Sri Lanka.

While ADB has been involved in a number of big projects, including the $400m Ashuganj fertiliser project with nearly 500,000 tonnes production capacity, the $500m Chittagong urea fertiliser factory is by far the biggest and the most prestigious project to its credit. The World Bank was the lead agency for the Ashuganj fertiliser plant, in which ADB's contribution was only $30m, but ADB has become the lead agency for the Chittagong project, with a commitment of $72m.

The plant, which was given the go-ahead late last year, will have an ammonia unit with 1,000 tonnes-a-day capacity and a urea unit with 1,700 tonnes-a-day capacity. Foreign Exchange cost will be nearly $300m.

About $283m has already been committed by various multilateral agencies besides ADB. They include the World Bank's International Development Association ($15m), Abu Dhabi Fund for Arab Economic Development ($25m), Canadian International Development Agency ($20m), Islamic Development Bank ($16m), Overseas Economic Co-operation Fund of Japan ($60m) and Saudi Fund for Development ($35m).

All ADB-financed projects—like those of other institutions—are suffering from chronic implementation delays.

Unless the project implementation processes are streamlined and delays cut, disbursement will continue to remain very low. Greater co-ordination between the government departments concerned and agencies at all levels is needed if project implementation is to be improved.

SAYED KALAMUDDIN

هكذا من الأصل

ASIAN DEVELOPMENT BANK V

Part of the Philippines' Angat irrigation scheme

Rice fields flourish under irrigation

Philippines

FIFTY KILOMETRES from the ADB's impressive headquarters, the Baguio expressway north finally leaves sprawling metro-Manila behind and plunges through a green expanse of lush rice fields. Their high-yielding output is the result of the Angat irrigation project, whose expansion and improvement over the past few years has been supported with hard and soft loans from the bank.

The original Angat irrigation system was completed in the late 1920s, which makes it one of the oldest in the Philippines, and its evolution reflects the country's transition to modern farming.

A dam diverted the Angat River into two main canals and a network of lateral canals during the December to April dry season, but the water distribution was uneven and plenty was wasted.

An appreciation of the importance of controlled water flow, together with the advent of high-yielding rice seeds, fertilisers – and pesticides, highlighted the scheme's real but unexploited potential.

The ADB backed a pilot study on water management in 1968 and a feasibility study for an improved irrigation system in 1973, before offering a $6m soft loan and $3.6m hard loan for what became the country's first integrated rural development project.

Co-operation throughout has been with the Philippines national irrigation administration, and developments in the Angat River have been paralleled by a similar project on the Magat River 35 0kilometres further north, which is also supported by the ADB.

The Angat project has involved construction of a pump station on the diversion dam to push water through new canals into areas not previously reached, rehabilitation and extension of the existing canal and the improvement of the farm ditch system of the area's feeder roads, procurement of equipment and provision of consulting services.

The principal aim was to increase the area under irrigation from 22,900 hectares in the wet season to around 27,000 hectares, and from 24,800 hectares in the dry season to around 30,000 hectares. The dry season figure is larger because part of the area is submerged and virtually uncultivable in the wet season.

With better water management and expert extension work, the hope was that output would be increased, raising farmers' incomes and employment in the area, and that this would increase the country's rice export prospects, foreign exchange savings and chances of crop diversification.

Harvesting

Marcial, a small but tough peasant farmer in his 30s with seven children, is sure the project has helped him. He is one of 21,152 farmers operating 20,800 farm lots in the Angat area. Although he was harvesting two crops a year as early as 1958, he says he has seen his output grow with the technical advice he has received. But he still grows only rice, saying he cannot raise the capital to grow other crops.

Marcial is also a member of a compact farmers' association, an ingenious institutional creation designed to make the whole project self-managing. A total of 1,040 is envisaged, with average membership of about 20 farmers cultivating 30-50 hectares of adjoining land sharing a common farm ditch. The associations are expected to plan their planting, harvesting and marketing together and, crucially, to collect their own irrigation fees.

To encourage the working of the system, individual farmers receive a discount for paying their water fees on time, and farmers' associations are given a 2½ to 3 per cent bonus for collecting 100 per cent of the fees due.

The farmers are also paid a fixed amount per square metre for administering the area under their control, which may be reinvested in fertiliser or equipment.

Groups of these associations will eventually be linked into irrigators' associations which will handle the repair and maintenance of canals and the distribution of water for themselves. Two pilot associations are already said to be functioning but further development seems a long way off.

Leonardo Gonzales, superintendent of the project, acknowledges the need to motivate farmers but talks enthusiastically of the progress made so far. To judge by farmers incomes, put at 6,000 pesos ($750) a year and by the bustling town of Baliuag, the area is relatively well off by national standards.

Some farmers are said to have improved their living standards so much they have remodelled their homes, bought a jeep and own a television set.

But plans have not proceeded as far as the government agencies pushing them would have liked partly because of farmer resistance, but also because the agencies themselves have had problems of co-ordination and implementation.

C.S.

Indonesia

Broader use of loans

THE ADB's operations in Indonesia have reflected the changing balance of successive national development plans, with the emphasis on agriculture and the rural sector a decade ago but more recently on agro-related industries, health and education.

Agriculture has received the biggest share of credits —$561.35m or 35.7 per cent of total ADB lending in Indonesia. Electric power has been another big recipient, with $412.3m (26.3 per cent). The other beneficiaries are transport and communications ($115.5m or 7.4 per cent), industry ($73.7m or 4.7 per cent), water supply ($87m or 5.5 per cent), urban development ($72.75m or 4.7 per cent) and development banks ($30m or 1.9 per cent).

More than half of the bank's projects are spread over all the major islands of Indonesia, although Java with almost 62 per cent of the population gets the lion's share.

In agriculture the focus has been on irrigation and area development, smallholder development, fisheries and livestock, improvements in water management and flood control.

In education, bank credits have focused on development of manpower resources, while in the communications sector the emphasis has been on roads to serve the rural population. A new government programme of rural electrification is also being supported, with projects for hydropower generation, transmission and distribution.

Disbursements in Indonesia are lagging seriously behind the granting of credit, however. At the end of January 1982 they amounted to only $338.1m, or about a quarter of total effective ADB loans to Indonesia. The lag has become more pronounced in the past four years, during which bank lending has increased considerably.

But the growing discrepancy between commitments and disbursements has also caused the government to simplify procedures for releasing funds and opening letters of credit; monitoring procedures have also been improved. As a result, disbursements in 1981 increased by 56 per cent over 1980, going up from $50.08m to $90.55m.

The biggest ADB credit for Indonesia so far is for a multipurpose dam at Wadaslintang in central Java, which will help irrigate some 30,000 hectares and generate 16 MW of electricity. The irrigation will help 89,000 farmers raise their output of rice and soybean, thus increasing their yearly per capita income from U.S.$182 to $520.

SANJOTO

Jungle converted to farmland and commercial forests

Malaysia

FOR A middle-sized country like Malaysia the dimensions of the Pahang Tenggara project are staggering. It covers nearly a third of Pahang State and nearly all the land south of the Pahang River between Temerloh and Pekan to the Johore border.

The area encompasses 2.5m acres of jungle, of which Malaysian planners will turn 900,000 acres into farmland, an equal acreage into forest yielding valuable timber and the rest into a national park, housing and recreation areas.

It embodies the vision of the late Prime Minister Tun Razak (1970-76), the architect of Malaysia's successful government-sponsored land development schemes, of giving land and a future to farmers without either.

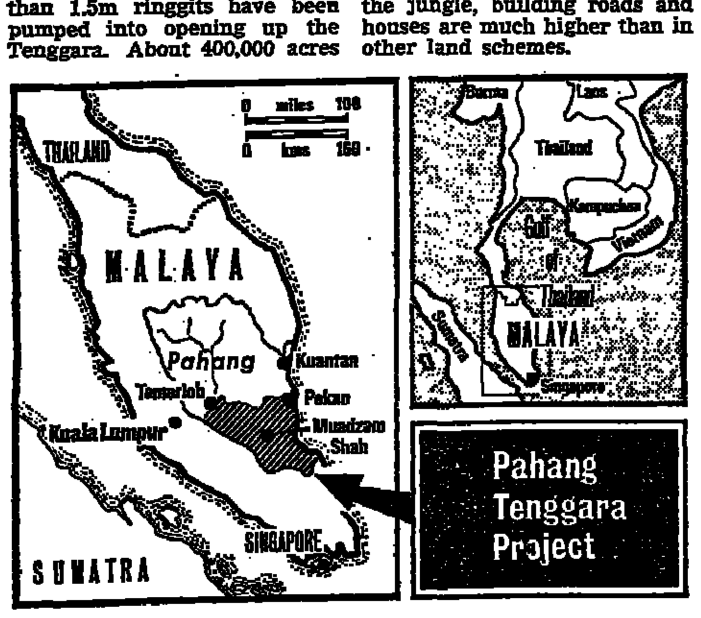
Tun Razak was a Pahang man. He dreamt of a thriving community of half-a-million people housed in modern townships and producing large volumes of palm oil, rubber and cocoa. The Pahang Tenggara (literally south-east Pahang) is to be an economic *dynamo*, a force to be reckoned with in Malaysian politics.

A master plan for the region was drawn up by a consortium of Canadian consultants in 1972. A vital feature was the creation of 36 towns in the Tenggara, each serving land schemes within a radius of five to seven miles so that settlers would live in these town and take only half-an-hour to reach their place of work. In this way the Government was to achieve two important aims—opening up the jungle and urbanising the Malays.

The Asian Development Bank made two loans, in 1974 and 1977, totalling $36m, for staff training, road and housing construction, water supply and management services.

So much for the plan and the dream. What are the facts?

Over the past 10 years more than 1.5m ringgits have been pumped into opening up the Tenggara. About 400,000 acres



have been put under cultivation, overwhelmingly with oil palm, with about 17 per cent for rubber, cashew nuts, cocoa and other crops.

Another 4bn to 5bn ringgits (taking into account inflation) will have to be invested before the remaining half-a-million acres are developed and the population target reached.

There are now 150,000 people living in 18 townships compared with the original 60,000 subsistence farmers and aborigines.

DARA, the authority given overall charge of Pahang Tenggara, admits that progress has been slower than planned. It will take until the year 2000 or later, instead of the original target year fo 1990, before the region is developed. But the jungle is steadily being pushed back by tractors and crops.

Developing such a large isolated region poses very great difficulties. The costs of felling the jungle, building roads and houses are much higher than in other land schemes.

Take, for example, water. Pahang Tenggara is a comparatively dry part of Malaysia. Underground water sources are few. Finding water for half-a-million people and irrigating nearly 1m acres of crops is not easy. The problem is aggravated by jungle clearing, which upsets the water retention patterns.

For the new settlers life is raw, harsh and lonely. It is much tougher than in the Jengka triangle, a 200,000-acre project in central Pahang developed in the 1960s and 1970s.

Piped water is a luxury in Tenggara. The only entertainment is television, apart from the occasional talent contest and sports tournaments organised between the townships.

It was only in August last that a regular bus service was introduced between Muadzam Shah, the biggest Tenggara town with 15,000 inhabitants, and Kuantan, the only link to the northern states from where most of the settlers originate.

Like many Government-managed projects the Tenggara scheme has had its share of wastage, inefficient management and corruption. A tapioca project at Bukit Ibam a fiasco, resulting in the loss of millions of ringgits.

Implementation of the plan for a renewable forest area, supporting a thriving timber-based industry, is nowhere in sight. Politicians and influential elements in the state grabbed concessions and stripped the forests without bothering to replant.

There is no worthwhile manufacturing to speak of in Tenggara simply because private investors have better places to go.

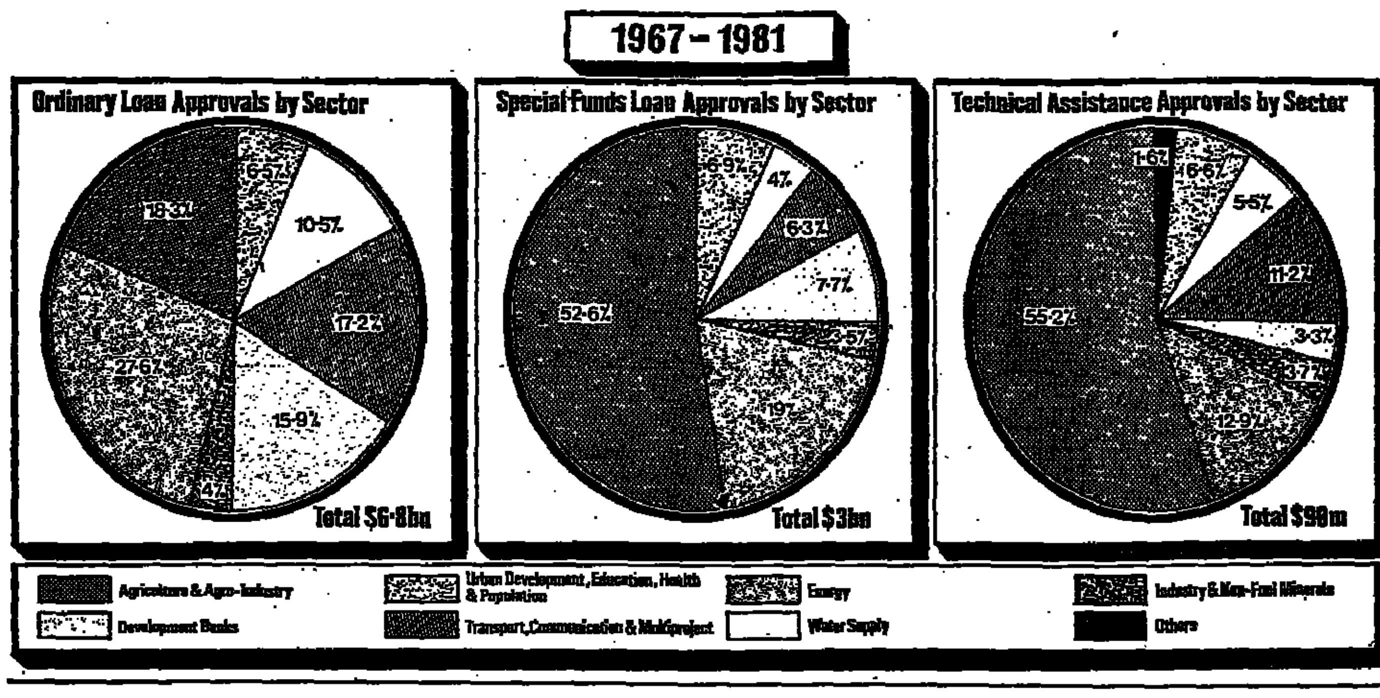
There is still a long way to go before Pahang Tenggara matches the dreams of Tun Razak.

Given another five years, however, large parts of the project's land schemes should reach peak production and the region will be a substantial producer of palm oil and rubber. By then its earning power should be attracting the range of investors and businessmen able to inject vitality into townships and provide the range of services necessary for urban comforts.

It is partly in anticipation of the high volume of oil palm from the Tenggara that the Government has spent 500m ringgits building two ports at Pasir Gudang and Kuantan.

WONG SULONG

ASIAN DEVELOPMENT BANK VI



New ways are being sought to stimulate the flow of external funds

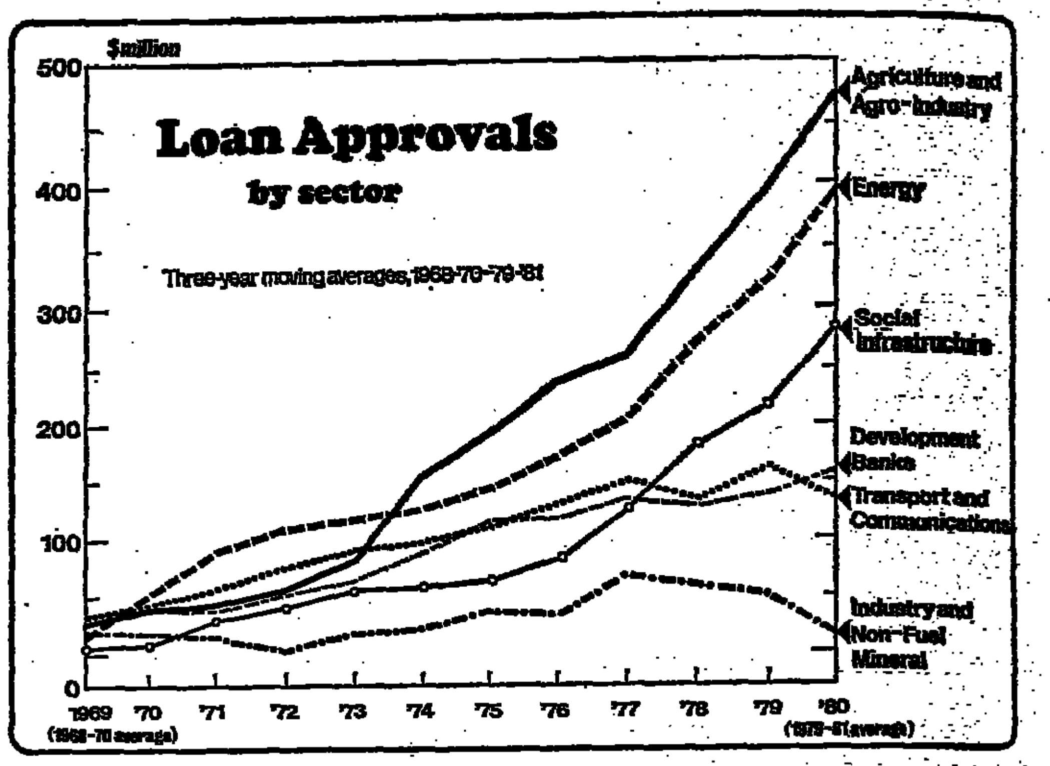
Co-financing seen as growing arm of aid strategy

THE NEED for Asian countries to find new ways of generating external finance is highlighted by the ADB's calculation that external resource requirements for developing member countries will grow to $63bn in 1990 from the $27bn level of 1980.

The fact that the Bank is coming under pressure to reassess its underlying aid strategy and that it is faced with its present funding problems simply emphasises this need, even though the Bank is expected to supply little more than 3½ to 4 per cent of the total external resource inflow into the region during this period.

The biggest hopes for stimulating the flow of external finance are being pinned on the idea of project co-financing between the ADB and private sector commercial banks and on the prospect of equity participation by the Bank in development projects. Neither operation, however, is regarded by the Bank as an "answer" to development problems. Each is seen as just another tool to be deployed whose real efficacy has yet to be demonstrated.

The Bank has gained some valuable experience of co-financing already—but principally with official agencies. By the end of 1981 112 projects had received loans on a co-financing basis to the tune of $2.55bn. Of this sum, $1.2bn came from bilateral sources, $1bn from multilateral sources and $350m from export credit and commercial sources. In 1981 alone 23 ADB-banked projects involved co-financing, with outsiders contributing $627m and the ADB $827m.



The bulk of ADB lending goes understandably into agriculture and related projects like irrigation. Next comes energy and here—as the article on the opposite page explains—the aim is to reduce the present heavy emphasis on power generation

Problems

The ADB's largest co-financed project so far has been a major fertiliser project in Bangladesh, which is designed to make the country self-sufficient in urea. This involved working with the World Bank and with Japanese and Arab official sources of finance, with consequent severe problems of co-ordination. Various countries wanted to fly their flags on different parts of the project and at one point the Arab countries wanted to invoke the Arab boycott clause, which was inconsistent with the ADB's competitive bidding policy.

Delays as a result of such problems are expected to engulf ADB efforts to involve commercial banks too but the bank believes it must try to involve the private sector in practically every sizeable project it considers. The Bank's experience of private sector co-financing is limited but instances include a $5m loan in 1973 by Bank of America for an ADB-supported water supply project in Singapore and projects in the Philippines and Fiji involving the California First Bank and the Tokai Bank of Japan.

Lack of involvement hitherto by commercial banks is more a reflection of the way they make their assessments on a country risk basis rather than rates of return, which on most ADB-backed projects are usually over 10 per cent in real terms. Commercial banks therefore put the emphasis on a government's capacity to repay on time and in hard currency. Development banks deploy technical staff to assess in detail the particular project to be financed.

The hope now is that an ADB stamp of approval will bring the banks in, either lending longer term than they otherwise might or perhaps taking up shorter maturity loans created by splitting up the financing of a project into longer and short-term maturities. Another though vaguer suggestion is that project loans should simply be syndicated among commercial banks.

One of the strongest proposals before the ADB board, which is due to consider the co-financing question at a meeting in May, is a complementary scheme involving parallel loans which the ADB would make in two tranches to borrowing government. One would be on the ADB's terms, the other on commercial terms and carrying special clauses saying that failure to pay would amount to default against the ADB. These would be sold on to commercial banks.

Marriage

Plainly, commercial co-financing would be like arranging a marriage. Prospective partners will want to know the terms and conditions in advance; preferences of borrowers and lenders will have to be matched as far as possible by comparison. The ADB's goal of equity participation is probably even more distant however—although firm ideas are emerging based partly on the experience of the International Finance Corporation (IFC), the venture capital arm of the World Bank.

Three possibilities are being mooted in this field:

● Direct equity investment, in which the ADB decides to participate directly in a developing member country's venture which the Bank has fully appraised. Each investment would be approved by the Bank's board;

● Participation in the equity of a country's private sector financial institutions in order to broaden their equity base and so heighten their loan-offering capacity;

● Provision of lines of equity to national development banks to be used on the ADB's behalf in small or medium-sized private sector ventures.

There is obviously a risk for an institution like the ADB in delegating authority in this fashion to make money available to the small entrepreneur. Says one Bank official: "The IFC thinks we're crazy." But the notion of equity financing also has some high level support." For example, Mr Cesar Virata, the Philippines Minister of Finance and an ADB governor, said at the 1980 governors' meeting that he wanted to see the Bank extend its risk in this way and to become a "development institution" as well as a lending institution.

The idea interests the U.S. because of its private sector thinking but the Americans believe that clearer guidelines are still needed. The Bank's charter certainly allows equity financing but a formal move has to be sanctioned by the Board of governors, which so far has only considered the idea informally.

Apart from these moves by the ADB towards co-financing and equity investment, two other notable trends are visible in the bank's overall lending policy.

● Programme and sectoral lending. Until the late 1970s practically all the ADB's lending was for specific projects. In 1978 it was decided to introduce programme lending and in 1980 sector lending as new vehicles for transferring resources to developing member countries.

Programme lending is designed to help developing countries increase production where there is underutilisation of existing capacity. Nine programme loans worth a total of $87.5m had been approved by the end of 1981. Three approved last year, for example, were for crop intensification programmes in Bangladesh ($18m), Burma ($5m) and Nepal ($4m).

Sector loans are designed to meet capital requirements and strengthen institutions in particular sectors. They are for larger amounts and are quicker in disbursement than programme loans. By the end of last year the bank had approved seven sector loans amounting to almost $350m. Two last year from ordinary capital resources covered water supply ($4m) and rural electrification ($87.5m) in the Philippines; one from the soft loan window covered small-scale irrigation in Bangladesh ($50m).

Groups

● Grading of borrowing countries. The bank's categorisation of borrowing countries is undergoing a change. Taking per capita GNP levels it classifies countries into three groups: low-income (Group A—Afghanistan, Pakistan, India, Nepal, Bangladesh, Sri Lanka and Burma); middle-income (Group B—Malaysia, Indonesia, Thailand, the Philippines and Papua New Guinea) and high-income (Group C—Hong Kong, Singapore, South Korea and Taiwan).

Group A countries have hitherto had full access to the resources of the Asian Development Fund, the Bank's soft loan window. But Pakistan, for example, is being provided with some harder loans because soft loan resources are limited. This process is called "maturing."

Similarly Indonesia, which as a Group B country is supposed to have some access to modest amounts of ADF funds, has had to forego this option since 1980. This year Thailand and the Philippines are having to do the same.

As for Hong Kong and Singapore, which ought to have no access to ordinary capital resources, the Bank is embarking on no new operations there. These countries are described by ADB officials as having "graduated," although they have not been deprived of their right to borrow.

C. S.

FACTS ABOUT ADB

Opened for business: *December 19 1966*
Address: 2330 Roxas Boulevard, Metro Manila, Philippines, or PO Box 789 Manila.
Tel: Manila 831 7211 Telex 63587 ADB PN
Cable: Asianbank Manila
Total member countries: 44
of which: 27 developing 17 developed
30 regional 14 non-regional
Total staff: 1,257 drawn from 33 nationalities (468 professional, 789 supporting)
Projects financed: 509 Countries assisted: 25
Total loans approved $9,771m.

ASIAN DEVELOPMENT BANK VII

K. K. Sharma reports from New Delhi on his country's intent to borrow

India's decision no threat to other borrowers

INDIA'S ANNOUNCEMENT that for the first time since foundation of the ADB it will borrow from the institution from 1983 onwards, has sent ripples of anxiety through the bank's traditional beneficiaries. But officials in New Delhi are unapologetic about the decision.

India's need for external funds has soared as its current account deficit has grown to an annual level of $4bn and as the World Bank, amid a deteriorating international aid climate, has scaled back its concessional lending.

Indian officials point out that the previous decision to refrain from taking any ADB assistance, despite being its largest regional contributor after Japan, was not meant to tie the country down for all time.

They also say that India's borrowings will not affect the most needy countries or people because India, at least for the present, will not seek any assistance from the ADB's soft-loan window, the Asian Development Fund. India will therefore not tread on the toes of such low per capita income countries as Bangladesh, Sri Lanka and the Philippines — even though its own per capita income and size entitle it to soft loans from the ADB.

Although this policy could change in time Indian officials go further and say that, even by confining its borrowings to the ADB's ordinary capital resources—where it will compete with such relatively developed and high per capita income countries as South Korea and Taiwan—its participation is unlikely to harm other countries.

This argument is based on the ADB's hopes of increasing its ordinary resources by more than 20 per cent. Officials say it is largely from this increase that India will claim its share. This means that, while other countries might have more if India did not borrow from the institution, in volume terms other countries' borrowings should not fall.

The ADB itself has agreed in principle that India is entitled to tap the bank's resources, despite discordant noises from Japan. It probably had little choice, especially as India has met the argument that the ADB does not have the administrative capabilities to handle loan requests from a country of the size of India

India has said it will seek what it calls "sector lending" rather than project loans and that this will be for the country's term-lending institutions like the Industrial Development Bank of India (IDBI). These already have facilities for careful scrutiny of projects, so the ADB will not have to formulate documentation for itself on projects and additional administrative machinery will be unnecessary. No bank, of course, even a development bank, will sanction assistance without routine preliminary studies. But to the extent that financial institutions like IDBI are going concerns in much the same business, their work should at least minimise the extra administrative burden on the ADB.

No figure has yet been worked out for the amounts India will seek from the ADB. Considering the country's needs for external financing they will certainly not be nominal. Ideally, India would want something like $400m (£222m) a year or about $2bn over the next five years, but the amount is negotiable in the light of India's willingness to take into account the needs of the ADB's traditional beneficiaries. The amount would also depend on whether the ADB is able satisfactorily to augment its ordinary capital resources from the world capital markets.

Interest

Until its government's decision to borrow from the ADB India's main interest in the bank lay in taking part in as many projects as possible financed by it in other Asian countries. In the early years this was inconsequential because Indian companies could not compete with Japanese and Western bidders.

But the capabilities and competitiveness of Indian companies has improved in recent years and India's share of ADB procurement has increased substantially since 1977. From a total of about $28m up to the end of 1976, India's share had risen to about $112m by the end of late October.

When ADB loans to India *are approved from 1983 onwards* this share is certain to increase, giving the country a double advantage from its links with the bank.

India will also help in the ADB's attempts to increase its capital resources for the third time. It did so when the second replenishment was made in 1977, contributing $5.16m in foreign exchange to the ADB's capital stock by March, 1981. The bulk of India's subscription to the ADB's capital stock is in rupees, however, and this is used for its administrative expenditure in the country.

The amount is not insignificant. India has a 7 per cent share of the capital, the third largest after Japan and the U.S., and this entitles India to one position of executive director on the board of directors and one of the two vice-presidents. Now that India is to become a borrower as well as a contributor their role will become correspondingly more important.

Emphasis on diversifying energy lending

THE ENERGY sector is rising as the new star in the Asian Development Bank's lending activities. The Bank wants to increase its energy lending considerably in the next five years and diversify its portfolio of energy loans. It also sees energy as the major incentive for private financial institutions to join its re-vitalised co-financing scheme.

The Bank needs, however, to focus more sharply on its lending strategy in order to increase the mileage of its energy loans, at least from the point of view of development financing. Its assistance to energy projects has indeed been rising but the composition of loans is such that it is heavily angled towards commercial power generation and distribution. In the period 1975-1980 93 per cent of the bank's total cumulative energy lending of $1.5bn went to electricity generation, mainly from indigenous energy sources. The tiny balance of 7 per cent was equally divided between coal and gas development.

ADB has a strong desire to play down its emphasis on power generation and to spend more on the development of commercial energy resources such as oil, coal and natural gas and to start looking more closely at non-conventional sources. But some Bank officials say that because of certain constraints, mainly financial in nature, the Bank will still be heavily into power generation and distribution over the next five years.

Energy came into the spotlight after the 1973 oil crisis when ADB's developing member countries (DMC), most of which are net oil importers, were caught flat-footed by the spiralling price of oil. Substantial portions of the profits of development were siphoned off by the swelling oil import bills. ADB and other multilateral banks watched helplessly as some of their development efforts were dissipated.

The energy sector's share of ADB's lending pie has increased quite substantially from 18 per cent in 1976 to 29 per cent last year. In 1981 agriculture and agro-industry continued to receive the largest share of lending, accounting for 32.3 per cent. The social infrastructure sector received 14.5 per cent while loans to development banks rose to 12.2 per cent.

The bank has spent some $500,000 on an intensive regional energy survey which covered most of its DMCs. If anything, the survey shows that international financial agencies, ADB included, have over-emphasised the generation and distribution of electricity. It also shows the massive investments required by the DMCs in meeting their energy needs. According to the survey the DMCs will need about $11bn in annual investments over the next five years, rising to $15.6bn annually from 1985 to 1990.

But more important for ADB, the regional energy survey gives a clue as to where money is most needed. Given the current difficulties in its own financial requirements, however, the Bank will be hindered from moving quickly into these areas. Its policy paper on "Energy in the 1980s" states that the Bank's desired lending level to the energy sector will be "subject to the availability of resources and the technical, financial and economic viability of specific projects. The implication is that although ADB has a panoramic view of the general direction of its energy policies, it is restrained from making cut-and-dried decisions.

For example, the Bank is still uncertain as to how much stress it will place on packaged programme loans and to what extent it will continue its lending on a project-to-project basis. The problem here is that if ADB moves more closely into programme lending, funding needs will be greater, while the technical requirements are entirely different from what the bank specialists are familiar with.

On the other hand, if it continues to emphasise project lending it may find itself stuck with the power generation sub-sector, where projects are quite profitable and for which commercial funds are available anyway. The second option puts the bank in a position that contradicts its role as "a provider of funds and inputs that the private sector will not or cannot provide.

Nevertheless, ADB is targetting a total of $6bn in energy loans for the period 1981 to 1987. The amount means an annual budget of $857m or almost double the average yearly energy loans during the last three years.

The Bank intends to reduce its allocation for the electricity sub-sector from the current 93 per cent of the total energy lending to about 76 per cent between 1981 and 1987. Consequently, it is hoped that lending for the development of oil, gas, coal and non-conventional energy will rise from the current 7 per cent to 20 per cent. These targets may, however, be optimistic considering the constraints on funds for long gestation projects.

Possibilities

Given the constraints on the Bank's traditional lending tools —the ordinary and soft loan windows — it will be using more co-financing to promote energy projects. Attracting private commercial banks to co-finance energy proposals will not be difficult since many of these have vast commercial possibilities. In fact, the Bank's new President, Mr Masao Fujioka, sees the energy sector as "the main pillar of its co-financing activities." The reason why the Bank did not make much progress in attracting the private sector in co-financing ventures is that is has placed its top priority in agriculture, in which private banks have very little interest, says Mr Fujioka.

Mr Robert Bakley, director of ADB's industry and development banks department, said that on top of its planned lending of $6bn the bank expects to raise a corresponding $6bn in co-financing from private banks. Mr Philip Lewis, a senior energy specialist at the Bank, admits: "There will be no great shift in lending emphasis" — at least in the foreseeable future.

There is a minority group in the Bank who are not convinced that ADB should spend "so much energy on the energy sector." An official said that energy projects are more potentially profitable than those in agriculture, health and education. Energy is therefore naturally attractive to profit-orientated institutions.

But the thinking of most other officials is that the Bank should at least "sell" the projects—and of course the co-financing idea—to private bankers who are mostly conservative and are still cautious about committing funds to the energy sector. After all, energy is an area where many banks have not fully developed their own expertise.

E. T.

ADB projects present considerable scope for Western contractors and technology—although in most instances business is not easily won

Opportunities for Western groups in a competitive game

WITH TOTAL loans to various projects averaging over $1bn a year, the ADB offers a wealth of opportunities for international consultants, contractors and equipment suppliers. The Japanese, Americans and Germans top the list of contractors for ADB-funded projects but it is a competitive game open to all of ADB member countries. All contracts except those worth under $150,000 are open to international bidding.

Last year the total value of contracts arising from ADB projects loans reached $656m, bringing the cumulative total to $4.5bn covering the 15 years of the bank's existence. The Japanese have *traditionally* been the runaway leaders of the pack, winning the heftiest portion every year. Of last year's total value they bagged $193m, or 29 per cent.

Technology

The Americans were a distant second, getting only 5.2 per cent worth $34m. They were however, the leading provider of consulting services in power projects. The U.S. has done well in contracts requiring high *technology, while transmission* lines and sub-station equipment contracts tend to be won by *Japanese,* European, South Korean and Indian groups.

Mr John Bohn, Jr, the U.S. executive director at ADB, admits that the Americans' record on procurement has been disappointing. "While certain technologies and geographic proximities tend to favour the Japanese, such factors pale against the aggressive way they conduct business in Asia," says Mr Bohn.

Mr Bohn is anxious to improve the U.S. share of procurement at ADB and believes that in order to persuade American suppliers to join the bidding they must have enough information on ADB's bidding procedure and opportunities. As an initial step he has persuaded the Bank to publish all procurement notices in trade publications. He has even established a system in his office at ADB's Manila headquarters to ensure that the flow of information to U.S. suppliers is continuous and smooth.

From the Asian region the South Koreans and Indians have kept up a fair pace. The Koreans were the fourth-ranking contractors and suppliers with almost $22m of contracts last year. India scored about $12m.

It is also remarkable that the value member countries can draw from contracts are greater than what they actually put in in terms of paid-in capital. *Britain, for instance,* has obtained a total of $238m in contracts for ADB-assisted *projects during* the last 15 years. In contrast its total contributions (to both ordinary and special funds) amounted to $193.8m.

Bank officials agree that the British and the Western Europeans have joined the bandwagon to Asia. "Because of the recession in Europe and because of the flurry of activities in ADB's developing member countries, the Europeans are jumping at these opportunities," an official said.

PROCUREMENT IN ADB MEMBER COUNTRIES ($m)

	Cumulative as of Dec 31 1981	1981
Japan	1,413.9	193.1
U.S.	327.3	34.4
West Germany	305.7	20.7
South Korea	259.3	21.8
UK	238.2	33.4
India	123.2	11.6
France	97.8	10.6
Australia	92.0	4.6
Switzerland	83.7	6.6
Netherlands	83.4	0.6
Canada	71.6	2.6
Total	4,503.0	656.0

ADB and its borrowers use consulting services and equipment procured exclusively from the Bank's member countries. Although the bank monitors procurement procedures, the borrower deals directly with equipment suppliers and contractors and although the Bank's engineers examine all tender documents in detail to make sure that specifications are not restrictive the borrower's implementing agency decides on type and quantity of equipment.

Turnkey bidding is not used in ADB-financed projects. Instead the Bank requires the borrower to select consultants who prepare detailed tender documents for various blocks of equipment, so allowing partial bids. The "lowest evaluated competent bid" and not simply the lowest bid wins the contract. However, there have been occasions of *disagreement* between the Bank and the borrower in determining the *lowest evaluated bid. In* exceptional instances, when the differences seem irreconcilable, the borrowers look for other sources of financing. But more often than not the borrowers agree to adjust their evaluation.

The ADB, however, is not completely free of human shortcomings. As *in any big* organisation red tape occasionally pops up. Loan *negotiations* can be as quick as four months but can also take as long as two years. In general, however, loan approval takes one year. Corruption, fortunately, is not endemic. There are no celebrated incidents but a five-year-old case that can be recalled by a few officials involved a petty bureaucrat who was eventually "moved" to a department that had absolutely nothing to do with procurement.

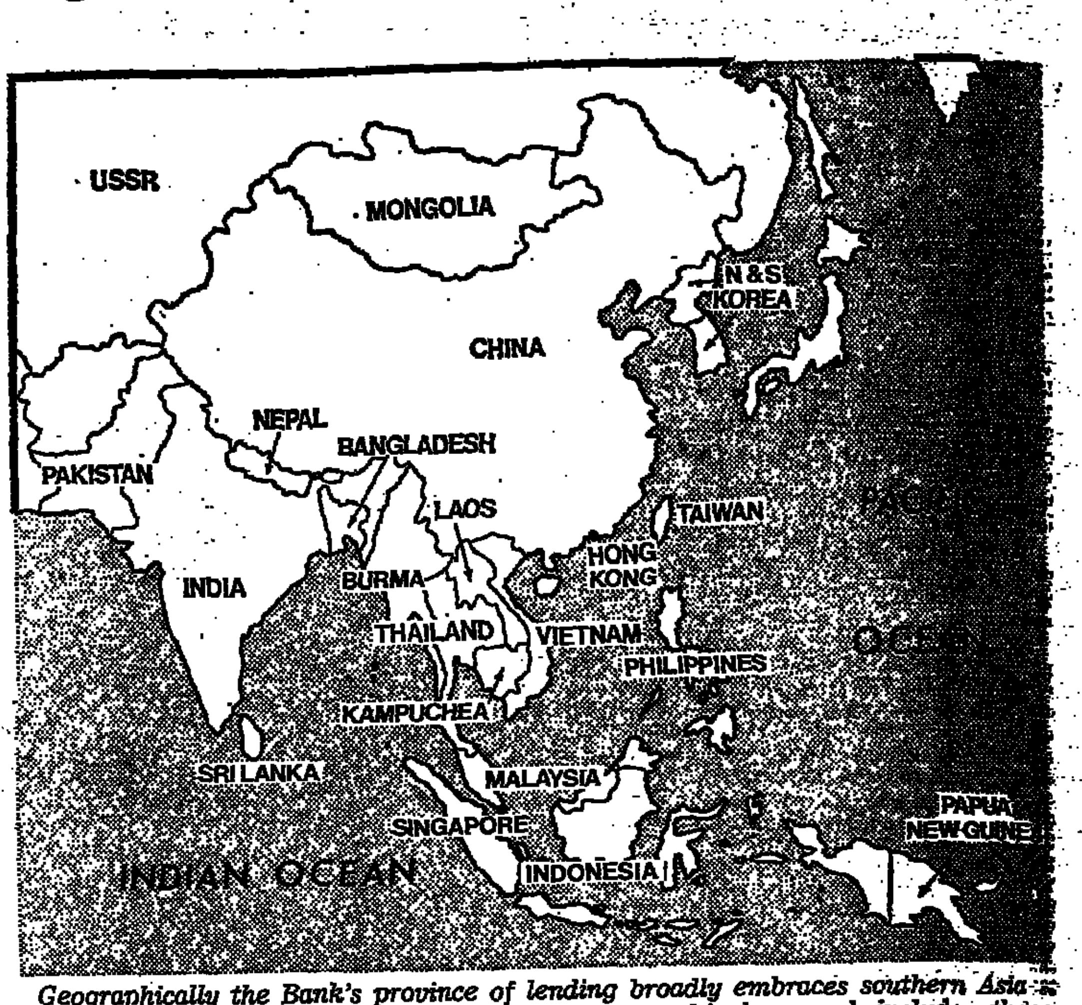
Early this month the Bank came under fire from Indian contractors. A report received from New Delhi by the Bank's headquarters said that a workshop on project exports organised by the Association of Indian Engineering Industry (AIEI) an Indian spokesman complained that the Bank has been "showing undue preference to Japanese and South Korean companies in projects it finances." The spokesman claimed that Indian exporters were often bypassed on the grounds that they do not have original technology.

Unfounded

An official at the Central Projects Services Office said that AIEI's accusations are unfounded and that the misunderstanding arises from "ignorance of the Bank's procurement procedure."

Selection of consultants and contractors and the ordering of equipment are often done *immediately after approval,* so private companies usually keep track of the progress of loan negotiations and make contact with the borrower's executive agency even during the early stages of loan negotiations. The Bank's information office publishes the monthly "Operational Information on Proposed Projects" which describes the projects being negotiated. Meanwhile the business edition of the "Development Forum," published by the United Nations fortnightly, contains tendering notices for all ADB, World Bank and African Development Bank projects.

E. T.



Geographically the Bank's province of lending broadly embraces southern Asia and South-East Asia down to the Indonesian archipelago and includes the Philippines and Papua New Guinea

Port Qasim as a rival to Karachi

THE HUGE French-built gantry cranes on the iron ore and coal terminal of Pakistan's *new Port Qasim* will come into their own this year as the nearby Pipri steel plant moves into full production.

Soon the cranes will be off-loading 2m tonnes a year of iron ore and almost 1.4m tonnes of coking coal, which will then be carried at high speed to the Soviet-built steel plant along a 4.7 km conveyor belt—the third longest in the world.

The $550m port, located about 40 km east of Karachi, is nearing completion. Besides the iron ore and coal terminal, one berth is ready, three more will be ready in June and the remaining three complete in 1984.

While the Pakistan Government has funded about 60 per cent of the cost of this urgently needed port out of its own coffers, the project has attracted considerable foreign interest and help. Foremost, the Asian Development Bank has provided $48.6m, with the UK providing $26m. Funds have also come from France, West Germany, Holland, Japan, Bulgaria, Canada and Italy.

When complete the port will handle 3.4m tonnes of cargo for the steel mill and a further 3½-4m tonnes of general bulk cargo, mostly wheat, rice and fertilisers.

The port will do a great deal to relieve congestion at Pakistan's only other major port at Karachi, which is more than a century old. Indeed much of the *momentum* for the new port was built up in the dreadful years of 1977 *and 1978, when major harvest* failures combined with a critical shortage of cement to force an emergency import programme which very nearly brought Karachi port to its knees.

While such emergency imports are no longer necessary, the completion of Port Qasim makes it almost certain that such a crisis will never happen again.

Port Qasim has nevertheless had its headaches. Heavy siltage in the wandering channels of what used to be the River Indus, which links Port Qasim with the Indian Ocean, has posed major technical headaches and generated heavy additional running costs—currently about $15m a year.

In addition, a Government decision that the new port should pay its way from the outset has forced it to charge comparatively high tariffs. Wharfage fees are three times those of Karachi port, berthage eight times higher and port dues three times as great.

As a result the port authorities will need to maintain a rapid throughput of ships if they are to avoid losses. This may be possible, since the port has several advantages over Karachi. Apart from being a modern, efficient port, it is unhampered by the road and rail congestion in Karachi and will therefore be able to carry bulk cargoes into Pakistan's interior with much greater efficiency.

It is also cheek by jowl with Karachi's designated export processing zone and a 10,000-acre industrial development zone. Once developed these zones will look to Port Qasim as a *lifeline* for imports and exports alike.

David Dodwell

The Bank's staff, which is drawn from over 30 nationalities, is largely professional. Career advancement appears to be something of a problem.

Competent and cool but sometimes frustrated staff

THE Asian Development Bank undoubtedly has under its roof a host of brilliant and diligent professionals; outsiders, including private bankers, can be effusive in their praise of the bank staff's proficiency. Indeed an ADB man, like a typical international bureaucrat, comes across as competent, cool and confident. But behind the *smooth* exterior displayed by managers and staff there lurk some frustrations about the limits on the rewards the bank can offer.

The bank's very nature as a multilateral development bank (MDB), with member-countries trying to influence appointments *and events at the bank,* means that promotions frequently become political decisions. The highest positions reachable to career staff—those of department deputy directors and on rare occasions those of executive directors—are occupied either by political appointees or by men who tend to hold the posts for life. Movement up the promotional ladder for careerists can be painfully slow and the end-result is that the young breed of technocrats approach ADB with very tentative motivations.

Apart from the career staff there are those who are on secondment from Governments of the member countries and serving two- to three-year contracts. They comprise about a third of the bank's 450 professionals. Staff in this group serve their terms, do their work well but eventually go back to their home countries. Those of them who discover that they enjoy their posts at the bank can extend their contracts only a few times.

Predicated

A number of staff members and managers do feel that "the bank's organisation is built on impermanence" and that it could extract more from the talents of the staff if their jobs were predicated on a more permanent basis or if they could see fair chances of easily moving up the hierarchy.

This may be asking the bank for the stars, however. The mere fact that ADB exists on member countries' financial contributions and organisational support invariably requires it to play the political game. It is not difficult to understand why ADB is more disposed to dance to the tune of its donors rather than of its career staff.

But what is probably not so easy to understand is the bank's tendency to rely on too many consultants. One engineer at the bank, who is considered an "energy specialist," feels that it seems to believe in the over-specialisation of its staff. The tendency is to hire new consultants for new and major loans instead of using staff who can handle new projects. "In my case, for example, I am called an energy specialist. But I am an engineer and I can easily get involved with other infrastructure projects," he said.

The hiring of new consultants requires additional secretarial and clerical support and this has led to the rapid expansion of ADB's manpower. It now has 1,200 employees, about 500 of them professional staff, and its 13-storey building on Manila's famed Roxas Boulevard is overflowing with people, especially bored Filipina secretaries. The bank has had to rent three other office spaces to accommodate the overflow.

Discussion

Like a maturing tree whose old branches eventually wither away, ADB has grown to a size where some of its employees have become—in President Fujioka's cold-blooded words—"dead wood." Just a few months after the new President assumed his position he made it plain that the bank needs some cobweb sweeping. He has met his senior officers for a frank discussion of administrative problems and has asked for a review of the performance of each department's staff members.

Everybody *seems to expect* that heads will roll as a result of Mr Fujioka's determination *to axe the dead wood.* Although the Bank machine continues to roll, uncertainty hovers above the heads of staff members. For them the new President is indeed a different man—his style is unconventional for a Japanese and he is a President who wields a hatchet. A senior officer at the Bank, said that the review, the suspense and almost anything happening at the Bank are all part of the "Fujiokaisation" of the ADB.

A plan that Mr Fujioka wants to implement is a "rotation scheme" whereby some of the middle- and lower-ranking staff of each department will be moved to different sections for certain periods. The objective is to let each staff member get a taste of all the other departments. Said a senior officer: "This may be Fujioka's style of testing his staff. Those who prove inflexible and cannot adjust to departments other than their own may find that their days with the Bank are numbered."

E. T.

A TRAUMA FOR TEXAS

Braniff's future in the clouds

By Richard Lambert in New York

IF SHEER will-power could keep an airline flying, Braniff International would have a secure future.

In television chat shows, press briefings, banking parlours, and anywhere else that a worthwhile audience can be gathered, the chairman and chief executive, Mr Howard Putnam, is to be heard banging home a single message—Braniff has a future.

In case anyone missed the point, he called a speech he gave the other day: "Braniff 1984."

But it is a hard road to the promised land, and Braniff's future could well be decided one way or another in the next month or two. The U.S. airline industry is in dire financial straits and Braniff—still one of the ten largest carriers—is one of its weakest members. In the last three years its aggregate losses have climbed to $310m after crediting $92m of gains from property and equipment sales. At the end of last year, it had a deficiency on shareholders' funds or around $90m, and it is currently trying to restructure debts of $733m from 39 major lenders.

Mr Putnam acknowledges the key challenge. "We have got to prove to our leaders that it is better to keep us going than to let us go," he says.

At the end of last week, Braniff received a blow which could make that task a lot harder. The Civil Aeronautics Board rejected a request to give its immediate approval to an agreement whereby Braniff would have transferred most of its South American routes to Pan American. It said that the competitive implications of the deal—which was to have taken effect next Sunday—were so complex and contested that no decision would be made until July.

This is a serious setback for Braniff, for two reasons. Pan American was going to hand over $30m for the routes—$20m in the near term and $10m in 1983. Braniff will keep the $7m which Pan Am has already handed over, to cover the exchange of various passenger facilities at Houston. But the remaining $23m of badly-needed cash is now in question.

In addition, the decision means that Braniff is stuck for the time being with routes that lost it $15m in 1981, and which are doing even worse so far in 1982. Pan Am, with a fleet of fuel-efficient TriStars and a productivity deal with its cabin crews that would have enabled it to take on the services without adding to its wage bills, could have made good money on the routes. For Braniff, running the services with 14-year-old DC-8s, they are a gaping wound. Other airlines now have a chance to bid for the routes, but Mr Putnam is not sitting back passively. Although Pan Am is still the preferred choice, bankers Lazard Freres have been instructed to tout for other deals. "We're not going to sit back and wait for July. We're going to press for something to happen this week, if we can," says Mr Putnam.

As with some of its competitors, Braniff's troubles started when the U.S. airline industry was deregulated late in 1978. Seeing what it regarded as an unrepeatable chance to break into a new scale of operations, Braniff went for broke. In the months following deregulation, it moved to 18 additional cities in the U.S., and to four new destinations in Europe and another four in the Pacific-Far East. Its fleet was expanded accordingly.

Within a few months, it was experiencing a severe cash shortage, which slammed the brakes on its dash for expansion. But as fuel costs mounted and the U.S. economy began to wobble, Braniff's finances skidded out of control.

Mr Putnam, aged 44, appeared on the scene last autumn. For the previous three years he had been running Southwest Airlines, which has a reputation for low costs and high profits. He set similar goals for Braniff.

"An airline for the 1980s has got to have a very low cost structure so that it can survive the lean times," he says. "The days are gone when you can afford to have a 65 per cent load factor as your break-even mark."

Braniff's yield per passenger mile was around 13 cents in 1981, and it had no less than 582 different fares. The new plan was to reduce these to a single "Texas class" aimed eventually at generating 12 cents a passenger mile, but pitching initially at around 11 to 11.5 cents. That involved nominal cuts in fares of up to 45 per cent, but the average reduction was to be 12 to 15 per cent.

At the same time, Braniff aimed to reduce its costs per passenger mile from around 8.5 cents to 7 cents. One cent a mile represents $100m off costs, and by slashing into overheads on all sides, Braniff has cut its way down to 7.3 cents a mile.

With this cost/yield formula, Braniff reckoned it could break even with passenger load factors around 55 to 58 per cent, and start to make big money over 60 per cent.

The trouble is that the airline has not so far been able to get the revenue needed to swing back into the black. In a viciously competitive market place, yields have been coming in at well under 11 cents a mile, and they probably slipped below 10 cents in March when in an effort to generate volume—and cash—Braniff was effectively giving away one free ticket with every one it sold on a number of important routes.

The forthcoming first quarter figures are likely to show more big losses.

However Mr Putnam is not fighting a lone battle. Returning to Dallas in February after a difficult trip to Washington, he was given a rousing reception by a crowd of 300 banner-waving employees. "It was one of the most emotional experiences in my life," he says.

The story had a big impact in Texas. "All the big hitters in Dallas swung their support behind us," he says. "They said Texas wasn't like the rest of the country: they weren't going to let a Texas company go down."

One businessman bought $6,000 worth of tickets to show his feelings, and others took advertisements in the press and on Television urging people to back "our Dallas-based airline."

All this has not gone down too well with the other Dallas-based airline—American Airlines, which has a vastly stronger financial structure than Braniff but which is still none too pleased about a surge of public support for a head-on competitor which, in its view, has been slashing prices to stay in business.

American says that 85 per cent of the widely publicised bitterness between the two big Dallas airlines is "strictly a media event." It welcomes the fact that the CAB is looking into anonymous allegations that it has been acting in various ways to undermine Braniff, which it describes as "ridiculous and baseless charges."

Yet there is no mistaking the hostility in the Braniff camp to American's intervention in its proposed deal with Pan Am. In a last-minute filing with the CAB, it offered to help subsidise losses incurred by Braniff on the South American routes in return for a fall hearing on the application.

According to Mr Putnam, these proposals were a "cleverly designed transparent sham." He claims that American is trying to dominate the Dallas-Fort Worth region, and "wants to see Braniff disappear from the scene as quickly as possible so that it can raise fares."

But the immediate worry is about how Braniff's lenders will react to the South American news. The disposal of these routes was a vital part of the reconstruction proposals which the airline presented to 23 banks, 14 insurance companies and two big suppliers at the beginning of this month, and they will now have to be persuaded that an alternative solution is possible.

The details of the refinancing plan, contained in a complicated inch-thick document, are a closely kept secret. But there is little doubt that it would involve, among other things, swapping a large amount of debt into equity, thus giving the lenders a substantial shareholding in the reborn Braniff. That will cause ideological problems for some of the banks. The suppliers, too, face some awkward decisions — notably Boeing. The airline has a commitment to pay $191m for three new 747 aircraft, which are ready for delivery — and which it cannot use.

The lenders have already made major concessions, deferring principal and interest payments from February 1981 to the end of September this year. The official deadline for a definitive agreement is October 1, but everyone hopes that things can be resolved well before that.

In a way the very weakness of the airline industry is one of Braniff's best hopes. Finding a buyer for a Boeing 747 would be no mean feat at a time when, according to Mr Putnam, there are around 100 Jumbos available for sale on the market. There could, he says, be a market for a few 727s, but 50 or 60 would be a very different story.

So long as Mr Putnam can persuade everyone that the promised land can ultimately be reached, the airline is in with a chance.

Meanwhile, the present problems may cause more price-cutting. If the CAB refuses to make a quick decision, Mr Putnam says, the airline may have to get more creative—and if the all important summer bookings do not start to pick up soon, "we may have to make our own summer." In both cases that would mean further bouts of cut-throat pricing in a bid to boost volume at the expense of passenger yields.

As he has done throughout, Mr Putnam rates the likelihood of survival at better than 50-50. The next few months will decide.

Glyn Genin

Lombard

A shock after the oil shock

By Nicholas Colchester

WHAT WILL international banks do now that the recycling challenge is fading away? Twice within the last decade the banks played their part in absorbing the balance of payment surpluses, and financing the matching deficits, which resulted from two upward bounds in the price of oil.

Those two oil shocks triggered a sort of quantum jump in global financial interdependence, with private flows of finance eclipsing the "official" flows (between governments, central banks and institutions like the IMF). Last year a Bank of England study showed that the sum of world current surpluses and deficits had doubled since the first oil shock from 1-1½ per cent of market economy GNP to 2-3 per cent, and that the larger imbalances had been financed principally through the capital markets and the banks.

Now, and for the second time, a key element in those imbalances is disappearing. The gross surpluses of the oil exporters (i.e. the surpluses of those still in surplus) were $111bn in 1980, dropped to $75bn in 1981 and will, according to a Bank of England estimate, be down to some $20bn in 1982. So will the international banking business now atrophy, like a body-builder whose weights have been taken away?

At the start of the year the banks were putting a brave face on the matter. The dwindling flow of Opec deposits meant that liquidity would be tighter and that spreads, or margins, on sovereign bank loans would have to go up, they said. Bankers and their regulators were becoming more risk-conscious. Above all, they said, banks were becoming more profit-orientated in their international activities, going for profit and not for business volume.

Alas, competition is the ultimate arbiter of spreads, not logic, just as logic fails to determine the price of airline seats. It requires a Herstatt-like jolt to the herd psychology to stop banks going for slim pickings wherever they can find them. Such a group shift in bank thinking has only half-occurred. Heavily indebted developing countries are being avoided or charged more by bankers: their oil consumption was less sensitive to price than that of the industrial countries, while their commodity earnings are hard hit by recession. So their borrowing needs remain high, while their creditworthiness dwindles.

The corollary is that developed-country borrowers can drive a harder bargain than ever. They need to borrow less because their oil and commodity bills are down. The banks want to lend to them more. The result is that spreads on loans to industrial countries are still at rock bottom.

Admittedly this view of the international banking business focuses excessively upon oil and balance-of-payment borrowing. The new financial interdependence is much more complex than that. International banks increasingly do domestic banking business in other countries. Balances of payments concern only net flows of funds across borders: there are gross flows of bank finance too — outward deposits matching inward loans — which are burgeoning as the global banking web is woven ever thicker. In fact the volume of international bank lending correlates only poorly with the volume of deficits requiring finance.

Yet those oil surpluses were very large. They were equal to well over half of all current account deficits in 1980, and their first appearance did seem to kick the whole business of international banking onto a higher plane. So their dwindling prompts two hunches. The first is that over-capacity in the business of wholesale international banking will have to be shaken out.

The second hunch is that consortium banks will be particularly ill-placed in this process. They rely heavily on the inter-bank market for their funds. The size and extraordinary growth of that inter-bank market partly derived from the geyser of oil deposits which arrived through too small a number of institutions to be re-lent directly to the outside world. As the geyser fails the importance of direct access to customer deposits will re-assert itself.

Letters to the Editor

Ratepayers and the London equalisation scheme

From the Director of Finance Wandsworth Borough Council

Sir,—My friend, David Hopkins, Westminster City Treasurer, evidently did his usual excellent job for Westminster when discussing London rate equalisation with Mr Pauley (April 15). I look forward to discussing with him elsewhere his ingeniously confusing explanations why the domestic ratepayers of the richest boroughs should even further reduce their share of London's rate burden, when they already benefit directly from the lower poundages produced by those boroughs' high commercial rateable values; they also enjoy the benefit of spending on services in excess of government guidelines, without the financial penalties imposed by the Government on other local authorities in these circumstances; and they have been totally protected from the Government's grant reductions on borough services since the equalisation scheme was devised, while the other Inner London boroughs have lost grant equivalent to a 10p rate in cash terms.

Mr Pauley attributed to Wandsworth the argument that the City of London and Westminster should be treated as if they were within the Government's block grant system, to arrive at a "negative grant" for each. Evidently Mr Hopkins had not mentioned that this was in fact the original basis of the equalisation scheme, and that Westminster has effectively avoided updating the original 1980 calculations for two years.

Mr Hopkins apparently suggested to Mr Pauley that this argument would imply an "impractical" additional cost of £90m (a 29p rate) to Westminster; in fact my calculation implied only an additional £14m (a 4½p rate), and even this modest amount would not have been levied on Mr Hopkins's already well protected domestic ratepayers.

With such an accumulation of privileges for Westminster ratepayers, Mr Pauley should be surprised if he finds much sympathy for "Westminster's case" anywhere other than perhaps the City of London. Everyone recognises that the City is a special case and needs to be dealt with by some special formula. It is convenient for Westminster's argument that it should identify itself with the City but the disparity of rates per head between the two authorities shows that the City stands alone.

In any event, London rate equalisation should fully compensate for the differences in resources between Inner London local authorities which is the intention of the scheme.

Albert Newman,
The Town Hall,
Wandsworth High Street, SW18.

Pitfalls in quick promotion

From Mr H. Galgut

Sir,—Your Management Page article (April 16) on the painful experiences of newly-promoted managers, points to a failing that is endemic in business in this country. Even those companies that provide training, and have management development schemes, usually stop short when it comes to helping a manager negotiate the abrupt step to a higher level of responsibility.

It is not difficult to identify the new elements that will need to be grasped by a manager moving from one job to another, nor to design and implement a training programme covering those elements. (It requires some effort, but it is not difficult.)

Admittedly, some promotions (too many) have to be made quickly because of the sudden departure of an individual. But, in most cases, it is possible, with the co-operation of the incumbent, to put down in writing a comprehensive list of objectives, responsibilities, tasks, limitations, problems etc. that can be worked on by the designated manager both on his own, and together with the incumbent, over a period of time before the move becomes effective. It may also be necessary to make provision in the programme for training, in interpersonal skills or in the basic principles of matters that were not previously important, such as financial control or data processing.

This procedure gives the newly-promoted person more confidence than he might otherwise have in his ability to do the job. Where people have been promoted without training, they have sometimes made costly mistakes, or failed to recognise potentially profitable opportunities, and often there has been a drop in the morale of their subordinates.

The best time to train managers for greater responsibility is before they are promoted, not afterwards; and the best place to do it is where they work, for there, the facts of the job can be imparted. And it is the assurance that one knows one's business that gives confidence and authority.

Henry Galgut,
7 Knoll Court,
Farquhar Road,
Dulwich Wood Park, SE19.

Out-of-date trade marks

From Mr V. Law

Sir,—Barry Fox's article, "Support sought for London siting of trade marks office" (April 15), deals mainly with the decline of Patent Office service in relation to patents rather than trade marks. The same applies to trade marks, and as a matter of interest it is now taking up to nine months before a trade mark application is examined, and if there are any objections it can take a considerable time before registration is granted.

The public search room at the trade marks registry is not keeping up to date with filings of new trade marks, and last month, for example, there was a delay of about five weeks from the date of filing until information about the mark reached the search room. This could lead to real problems for a manufacturer who believes he has chosen a name which is not in conflict with any other trade mark, only to find at a later date that an earlier filed application has priority.

We recently learnt that the trade marks registry has decided to scrap its annual name index (the last one to be published will be the 1978 edition later this year!), and this means that it will be virtually impossible to obtain full details of trade marks owned by a particular company. Let us hope that the publicity concerning the siting of the EEC trade marks office in London will bring about an improvement in services at the Patent Office in relation to both patents and trade marks.

V. P. Law,
K. V. Marshall and Co.,
19, Stambourne Way,
West Wickham, Kent.

Battery egg production

From the General Secretary, Compassion in World Farming.

Sir,—I am surprised that the Financial Times should give space to the scare-mongering tactics of Ted Kirkwood (April 14) and his fellow battery egg producers.

He claims that if battery hens are given more space in their cages they will become aggressive. Is he saying that battery farmers are at present cramming so many birds into a cage that they can't fight? With fully outstretched wings a chicken measures about 30 inches across, yet is usual to keep five such birds in a cage only 20 inches wide and 18 inches deep.

The EEC proposal to increase the floor space per bird from 450 sq cm to 500 sq cm or even 600 sq cm is meaningless. Battery cages should and can be phased out of the EEC over the next five years—as the agriculture committee of the House of Commons recommended should be done last July.

Battery cages are cruel, there can be no doubt whatsoever about that. There are viable alternative systems at present operating in this country as well as in Switzerland, Germany and Holland. Such systems could supply the nation's eggs just as cheaply as batteries. There are just four factors that determine egg yield—lighting, genetics, nutrition and management. Given these four, the particular system used makes little difference. If Ted Kirkwood could not manage without these cruel battery cages he should get out of egg-production and make way for someone who can.

Peter H. Roberts.
20, Lavant Street,
Petersfield, Hampshire.

Buying contributes to profits

From Mr M. Minford

Sir,—I was stimulated by reading Christopher Lorenz's feature on GEC's "cost reduction miracle" (April 14) but was disappointed to see that despite half the production cost being in bought-in components, the buying representation in each of the three working teams was described as "a clerk." This appears to reflect the persisting attitude in much of industry that buying is a routine function which merely carries out instructions from other quarters—somehow I doubt if such a philosophy pertains in Lord Weinstock's organisation.

Buying must be recognised not just as a service function but very much as a direct profit-contributor whose educated managers with commercial experience and technical background exercise, initiative and imagination, often showing the lead to engineers, chemists and accountants.

M. Minford,
Clec House,
473 Crewe Road,
Wistaston, Crewe,
Cheshire.

Smiths Industries rises £1.2m

FOR THE 26 weeks ended January 30 1982, pre-tax profits of Smiths Industries have risen from £9.97m to £11.17m, on sales ahead by 15 per cent to £187.85m, compared with £163.55m.

However, the group warns that it may not prove possible to maintain the high level of profits achieved in the second half of last year—£16.38m—*and this will* make the objective of continuing its record of unbroken profit growth more difficult to achieve.

Deferments in military procurement and a slow down in the replacement of civil aircraft will constrain profits from aerospace in the short term, although demand remains relatively high and there are encouraging opportunities for the longer terms. Prospects for the medical activities are good, but trading conditions for many other businesses are likely *to remain* depressed.

Trading profits for the first half were 18 per cent higher at £14.11m. Interest charges rose from £2.01m to £2.94m mainly because further investment was required to finance the growth of overseas activities.

Tax charge increased by £0.3m to £2.79m and after deducting minorities of £70,000 (£54,000) net available profits came through ahead from £7.42m to £8.31m.

In order to reduce disparity, the interim dividend is being raised to 4p net per 50p share, against 3.7p last time, absorbing £2.07m (£1.9m), the previous year's total was 10.5p from £26.35m pre-tax profits.

An analysis of the half-year sales and trading profits, with comparatives restated, shows respectively: aerospace £45.45m (£39.5m) and £5.48m (£5.24m); automotive £28.5m (£26.15m) and £519,000 loss (£1.63m loss); distribution £30.75m (£30.7m) and £120,000 (£1.4m); industrial £28.8m (£22.85m) and £2.68m (£2.61m); marine £10.05m (£11.15m) and £125,000 loss (£476,000 profit); medical £14.6m (£10m) and £3.36m (£1.77m); and Australasia / Southern Africa £29.7m (£23.2m) and £2.13m (£2.13m).

The aerospace and defence activities continued to achieve good results. In the automotive areas sales to the after-market benefited from an increase in the demand for tachographs while progress on the restructuring plan for original equipment activities is broadly in line with the programme. However, the forward picture in the automotive sector remains one of great *uncertainty as to the level of* domestic and export demand and the resulting effect on margins.

In the distribution business the pressure on margins evident in 1981 continued. The seasonal pattern of trading of these businesses favours the second-half, but as yet there is little sign of any underlying upturn in activity. Results under the industrial heading continued to hold up well in difficult trading conditions.

The North America marine activity is also seasonally biased to the second half and satisfactory results are expected for the year as a whole. In the UK, however, demand from the Royal Navy was very low, the commercial market remains depressed and a loss was incurred.

Medical activities in the UK and U.S. are continuing their *excellent progress. The economies* of both Australia and South Africa are less buoyant than in 1981 but profits have been maintained.

See Lex

HIGHLIGHTS

Lex studies **Thomas Tillings'** annual report and accounts with particular reference to the £100m gilt-edged book that the company is running at present. Interim figures from **Smiths Industries** *showed* an advance in pre-tax profits from £10m to £11.1m but no thanks to any improvement in domestic demand. *Maintained profits for the year seem the likely outcome—for* the fifth successive year. The column goes on to examine recent events in the gold market and then comments on the results from the **British Transport Docks Board** which, though in loss, is a candidate for privatisation. On the inside pages **Britannia Arrow** makes a counter offer for **General and Commercial** topping the earlier bid from **Refuge Assurance**. **William Low** comes up with a £3.2m rights issue with its half time figures and yet another new company, **Continental Microwave**, joins the USM.

Ultramar looking for upturn in 1984

ALTHOUGH HE says it would be rash to make a profits forecast for 1982, Mr Arnold Lorbeer, the chairman of Ultramar says the board is very optimistic about the long-term outlook for the group.

As reported March 4, pre-tax profits of this oil and gas exploration and production group rose from £126.3m to £180.2m in 1981. Total sales jumped by £0.45bn to £1.39bn.

Mr Lorbeer says in his annual statement that the group's financial position is strong and it has again improved net working capital. Ultramar has also been able to continue and accelerate its capital expenditure programme:

Capital expenditures for 1982 and 1983 are estimated at a total of about £450m (£148.8m for 1981). It is expected that on completion of this major programme in early 1984, the group will have the basis for continued growth and sharply increased earnings.

The chairman remarks that all the signs point to 1984 as the year in which Ultramar *will* double its gas production in Indonesia, produce a lighter mix of petroleum products at the Quebec refinery, have a new source of North Sea crude oil and be operating a modern fleet of medium sized oil-bulk-ore carriers.

The largest portion of the group's capital expenditure however, continues to be for finding and developing new oil *and gas reserves. Ultramar is* restudying this programme, in the light of lower crude oil prices and changing taxation.

EDITH rises to £2.23m and pays more

Net revenue after tax of the Estate Duties Investment Trust (EDITH) rose from £2.17m to £2.23m in the year to March 31, 1982 and the final dividend is being raised from an adjusted 1.44p net per 25p share to 1.5p making a total of 2.3p against 2.21p (adjusted).

A one-for-25 capitalisation issue is also proposed. Earnings per share are given as 3.7p (3.34p adjusted).

Before tax the net revenue amounted to £3.27m (£3.2m) *and tax is estimated to take* £1.04m (£1.03m).

EDITH is an investment trust specialising in the acquisition of shares *in private companies* to hold as long-term investments. It is managed by Industrial and Commercial Finance Corporation which is a subsidiary of Finance for Industry.

Receiver for Michael Barber

MR MARTIN PAGE of chartered accountants Peat, Marwick, Mitchell and Co, Norwich, has been appointed receiver and manager of Michael J. Barber of Pulham St. Mary, Diss, Norfolk.

The company, with 12 employees, is the sole distributor of Alfa-Laval Milking Equipment, in Norfolk, Suffolk and Cambridgeshire. In addition to installation work, the company *services* milking equipment, supplying spares and sundry farm equipment.

Mr Page said that the company *would continue to trade for the* time being and is currently seeking a buyer for the business as a going concern.

John Menzies over £9m mark

AFTER TAKING into account the adverse effects of the recession, high unemployment and the weather conditions in the vital pre-Christmas trading period, the directors of newsagent and bookseller **John Menzies (Holdings)** say the results for the year ending January 31 1982 are "better than might have been expected."

Pre-tax profits improved by 23 per cent *from £7.66m to £9.43m* on turnover substantially higher at £336.75m compared with £288.18m, an increase of 17 per cent. The final dividend is effectively raised from 2.5p to 3.05p net for a total of 4.5p (3.75p adjusted).

The directors say that most of the group's business depends upon customer discretionary expenditure and is vulnerable in a year of deep recession such as has been experienced. Sales in some categories were below budget with the consequence that stocks are higher and cash balances lower than expected.

Despite this, they say the group repaid the £3m term loan and maintained the strength of its balance sheet, in which the net cash position is satisfactory. *They say shareholders' funds* have increased to £38.6m, and the current cost basis of calculating shareholders' funds now exceeds £50m.

The pre-tax figure was struck after profits less losses on sales of fixed assets of £270,000 (£313,000), leasing income of £414,000 (£197,000), leasing finance costs totalling £984,000 (£150,000) and other interest costs of £899,000 (£920,000).

There was a tax charge of £1.23m (£1.27m), and after minorities of £163,000 (£122,000) and extraordinary items (goodwill), £580,000 (£836,000), attributable profits were higher at £7.46m compared with £5.34m. Dividends absorb £1.46m (£1.25m). Stated earnings per 25p share improved from 21.8p to 28.2p.

The directors say that forecasting in a company such as Menzies — with its heavy dependence on Christmas trading — is hazardous, but having taken this into account, they are optimistic about the current year's trading and expect to enter 1983 "in good heart."

On Monday the company stated its intention to make an offer for Lonsdale Universal, which would make a "sensible" extension to its activities.

● comment

John Menzies ploughed through bad pre-Christmas weather and falling disposable real incomes—which had dragged profit expectations *down to around £8.5m*—to record an increase before tax of more than a fifth to £9.4m. Sales are biased (on average) about 55/45 towards the second half, which includes both Christmas and the January sales. Costs being *more evenly spread*, the pattern of profits is much more heavily skewed—roughly 90 per cent falling in the final six months. Forecasting at this stage is therefore hazardous, and the first intimations of a better Christmas in 1982 must be treated with caution, the more so as volume has yet to establish a significant upward trend. Wholesaling is less seasonal, at present enjoying the extra sales generated by tabloid bingo, and holding on to gross margins. The shares yield 2.6 per cent—covered more than five times by current cost earnings. Up 17p to 253p, they trade—in a thin *market—at nearly 17 times fully-* taxed earnings.

Boustead profit falls to £1.42m

ALTHOUGH TURNOVER at Boustead, investment holding company, moved ahead by £6.22m to £44.45m, pre-tax profits fell from £2.14m to £1.42m for 1981.

Mr Alan Charlton, the chairman, says that the results for the first quarter of 1982 do not reflect any real upturn in trading conditions, especially in Australia, but there are signs of an improvement.

The final *dividend* has been held at 0.75p which repeats the total at 1.25p. Earnings per share on a net basis are given as 1.32p (2.22p) and on a nil basis as 1.32p (2.27p).

Pre-tax profits were struck after increased interest charges of £1.07m (£754,000). There was *also higher investment* income of £525,000 (£271,000) and associate profits of £303,000 (against £262,000).

Tax was higher at £754,000, against £1.02m. Minority debits were lower at £22[illegible] (£373,000). There were extraordinary credits of £59[illegible], *compared with previous* debits of £94,000.

On a current cost basis pre-tax profits were £7[illegible] (£1.54m).

British Vita prospects 'reasonable'

The international operations at British Vita, manufacturer of polymeric products, are on course for another reasonable year, although there is a continuing world recession, Mr F. A. Parker, the chairman, told the *annual meeting*.

He said the first quarter of this year in the UK reflected the lack of consumer demand and the only likely source for the stimulation of the retail trade was the reduction in the mortgage interest rate.

Any demand arising from a restocking programme depended on a fall in interest rates, which were influenced by high American interest rates.

Of the markets the company served, he said the furniture and bedding industries were still experiencing sales at a low level. The general industrial *and automotive industries have* shown signs of a slight improvement, but it was too early to determine a trend.

NatWest's Argentine exposure 'very small'

REFERRING TO the dispute with Argentina over the Falk*land Islands, Mr Robin Leigh-*Pemberton, the chairman of *National Westminster Bank, said* at the annual meeting that the *bank's existing exposure with* the country formed only a very small percentage of NatWest's total international assets.

Commenting on the bank's relationships with Argentina, he said that for the past 18 months, NatWest had taken a cautious stance in view of the economic problems facing that country, while acknowledging its long-term potential.

In compliance with the Government's order which prohibits banks from making payments or transferring funds on the instructions of the Argentine Government or Argentine residents, all banking negotiations with Argentinian representatives had been suspended. The bank had also withdrawn from the lead management in a \$200m credit being put together for SEGBA —the Buenos Aires Electricity Generating Board.

On the domestic front, Mr Leigh-Pembton said of the Budget, that in an otherwise *astute performance*, the Chancellor made some unjustified and vague remarks on the level of taxation borne by the banking sector; producing uncertainties only too well reflected in the subsequent movements in bank share prices on the Stock Exchange.

Since the Budget, NatWest's share price has fallen from 470p to 418p at the close yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bodycote Intnl	2	—	2	4	4
Boustead	0.75	—	0.75	1.25	1.25
CLRP Inv Trust	1.6	—	1.6	—**	3.5
Edinburgh Inv Trust	1.23	June 28	1.12	2.18	1.96*
EDITH	1.5	—	1.44*	2.3	2.21*
Green's Economiser	2.88	May 29	2.68*	5.75	4.93*
Hamilton Oil	nil	—	nil	1	nil
Lamont Holdings	0.8	July 1	0.7	1.2	1.1
Wm. Low ... int	2.1	June 1	2.1	—§	7.5
John Menzies	3.05	—	2.5*	4.5	3.75*
Harold Perry Motors	2.25	—	2	3.75	3.5
Silvermines	2¶	—	2	3.5	3
Smiths Industries ...‖int	4	June 17	3.7	—	10.5
Tilbury Group	19	—	16.38	25	22.38
United Parcels	3.3	—	2.5	4.5	3.5*
Websters Group	1.7†	—	1.6	2.5†	2.3
Welbeck Investment	1.25	—	1.1	2	1.85

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Final of not less than 5.9p forecast. ¶ Irish currency throughout. ‖ To reduce disparity. ** Final of not less than 1.9p forecast.

UK COMPANY NEWS

Wm. Low 25% ahead: £3.2m rights

REPORTING A 25 per cent increase in pre-tax profits for the first 28 weeks of its 1981-82 financial year, Wm. Low and Co, the Dundee-based supermarket operator, also announces a rights issue to raise £3.21m, net of expenses.

Mr J. P. Rettie, the chairman, says the profits advance—from £836,000 to £1.05m for the period to March 20—has exceeded the budgeted figure and was despite only a modest rise in turnover to £63.2m (£57.5m).

He forecasts that in the current year ending September 4 1982 taxable profits will not be less than £2.2m, against £1.8m previously, including gains on sales of assets of £180,000 (£327,000) and after deducting losses from discontinued fast food activities of £230,000 (£264,000).

This improvement in profits is expected to be achieved with only a small contribution from the recent development programme, but this should make a more significant contribution in following years.

The interim dividend is unchanged at 2.1p net per 20p share but the board intends to recommend a final of not less than 5.9p (5.4p) per share.

Mr Rettie reports that the improved mid-term performance has been brought about by tight financial control and operating costs *as a proportion of sales* have been reduced to levels below those of last year.

The company has not yet disposed of the leases of its two fast food outlets which were closed last August. It is consequently incurring further rental and other costs which together with provisions are estimated to amount to £0.23m this year.

Operating profits for the 28 weeks were *ahead from* £901,970 to £1.37m, including losses of £109,376 (£196,180) from discontinued activities—turnover from this source in 1980-81 was £0.28m.

Interest charges rose from £257,557 to £313,983 while last year's pre-tax profits included £191,343 gains on the sale of assets. Tax charge was £546,948 (£434,593) giving a net surplus of £504,876 compared with £401,163.

The chairman says the company *has a very active development* programme under way. The new supermarket in Grangemouth (12,000 sq ft) was successfully opened last month and another will open in Rosyth (*10,000 sq ft*) in August. Building is progressing at new major units at Wilshaw (20,000 sq ft) and Oban (15,000 sq *ft*).

The rights issue, which has been underwritten by Noble Grossart, is on the basis of one new share for every three ordinary shares held at 145p per share.

Mr Rettie explains that the board is continually reviewing a wide range of opportunities for expansion as it believes that the company's future success and profitability depends on the development of larger and more modern outlets and the continuing improvement of existing sites.

At September 5 1981 the company had a total sales area of *347,000* sq ft, representing an increase of 125 per cent over its sales area in 1973. Operating profits generated by that area increased over that period from £0.86m to £2.27m.

To date, the company's development programme has been financed by a combination of internally generated cash flow and bank borrowings, and Low intends to continue this programme by providing an additional 80,000 sq ft of selling space by Decemberd 1983.

The chairman comments that while the company has considerable borrowing facilities available to it, the board believes that the development programme should be combined with the maintenance of a prudent balance between shareholders' funds and borrowings and that it is *appropriate* to raise additional capital at this time.

In the short term the proceeds of the rights issue will reduce borrowing levels and interest charges. It will also provide the company with a broader capital base *from which to continue* expansion.

Full details of the issue and reports on the profit forecast are set out in a circular which will be despatched to shareholders together with the provisional allotment letter on April 21.

● comment

Down 2p to 198p yesterday, *Low's shares have gained* nearly a third since October. Speculative bid talk has been behind much of this advance, but the group has also exceeded its own profit expectations with a 25 per cent jump at the interim stage. Volume was fairly static overall, but operating margins inched up to 2.3 per cent from 1.9 per cent last year. The improvement so far is largely thanks to cost control. The second half, however, should be aided by contributions from Low's larger, more competitive stores. Low's average store size is now 5,500 sq ft, against 3,500 sq ft only a few years ago. With an eye on the hugely profitable Sainsburys, *Low now aims to have all its* units in the 8,000 to 25,000 *sq ft* range. The rights money will be used to reduce borrowings, which had crept up £1m to £4m in the last year, and provide the new base for Low's ambitious expansion plans. The prospective yield of 6.2 per cent on the ex-rights price represents a healthy premium to the sector, while the *fully-diluted, fully-taxed p/e of* around 13 discounts Low's new appetite for growth.

Bodycote makes some recovery

IN THE second half of 1981, **Bodycote International**, the industrial clothing, metal treatment and textiles group, made up some lost ground but finished the year with pre-tax profits behind at £0.92m compared with £1.08m. At midway, taxable figures had fallen by £361,000 to £401,000.

Turnover for the 12 months fell from £28.04m to £26.39m. However, reflecting a lower tax charge of £196,000 against £373,000, stated earnings per 25p share edged up from 8.88p to 9.02p.

The final dividend is a same-again 2p net for an unchanged total of 4p per share.

The company says that trade has remained sluggish and is still unpredictable despite the initial momentum provided by an improvement in October and November last year. There are *a few hopeful signs but there is no underlying confidence on which to make a reasonable forecast!*

In the medium term the board will continue to move the group forward, probably by further acquisition, the timing of which will depend on opportunity an improvement in liquidity and a better trading climate.

Because the cost of financing the group's borrowings is now a significant percentage of total trading profits, the board's present policy is to improve liquidity by the disposal of surplus assets and the further unwinding of stocks in activities which are being terminated.

The implementation of this however has been slowed down by current economic conditions, although it is expected that most of these intentions should *be realised* during 1982.

There were extraordinary losses of £0.6m (£0.59m) attributable to the cessation of trading at William Denby and Sons, and other extraordinary losses and provisions of £0.49m (£0.75m) relating to the rationalisation and cessation of trading. Deferred tax relating to these items amounted to £1.14m in 1980.

On a current cost basis, taxable profits for the year were £412,000 (£503,000).

● comment

At 58p, the most attractive thing about shares in **Bodycote** is a yield of more than 10 per cent. Having halved in the year to December 1980, profits before tax might seem to have held up better this time round, falling by a mere 15 per cent. But things were worse than that. Operating profits fell by almost *a third while something like* £0.3m of interest—on borrowings that are still being carried—were taken below the line because they relate to businesses now closed. Bodycote's pack of companies has been constantly shuffled over the years, with the declared aim of cutting down the original dependence *on textile manufacture*. Closures of Joyce Fabrics and Deveron in the current year will continue this pattern, liberating (it is hoped) some £1½m of working capital to help ease total borrowings which are now in the £4m region. Various properties are also on the market but apparently not moving too readily. If cash flows in according to plan, dividends will presumably be safe but the metal treatment and protective clothing divisions—which Bodycote currently regards as its strong *suit—need volume before earnings* can recover.

Tilbury Group recovery continues: 1-for-2 scrip

AFTER RECOVERING from losses of £1.16m to profits of £814,000 in the first half, Tilbury Group, formerly Tilbury Contracting Group, *maintained its* recovery with pre-tax profits of £2.18m in 1981 as a whole. There were losses of £829,213 in 1980.

Turnover of this civil engineering, building and public works contractor fell from £55.73m to £47.33m. The final dividend is raised from 16.37886p to 19p for a higher total of 25p compared with 22.37886p.

The directors say that during the year, a partial recovery of the indebtedness of the Nigerian company to the group *was* achieved, amounting to £591,509, and this is included in the profit as an exceptional item.

They say however, that in view of the downturn in the Nigerian economy, the group has decided to discontinue trading in that country. It has disposed of its 40 per cent interest in Tilbury Contracting Company (Nigeria) and of all issued capital of the subsidiaries hitherto known as Tilbury International.

The consideration was not material in the context of the group's assets and the *terms* are such that the group will have no further financial exposure in respect of these companies.

The board says liquidity has continued to be closely controlled, resulting in a reduction of bank indebtedness during the year of some £2.4m. The group is financially stronger than it has been for several years and it accordingly views the future with confidence.

The pre-tax figure included associates of £28,861 (£19,656). There was a tax charge of £565,149 (£189,010) and after extraordinary credits of £113,321 (£2.82m), stated earnings per £1 share were 81.76p (41.48p loss).

The board proposes to split each of the present shares into four shares of 25p and to allot one new share for every two held by way of a scrip issue.

On a CCA basis, pre-tax profits were £839,926 (£1.82m loss).

Utd. Parcels reaches £6m

AFTER AN increase in second half taxable profits from £2.54m to £3.15m at United Parcels, the express carrier, pre-tax profits for the year to January 30 1982 improved from £5.04m to £6.05m. Turnover was £7.59m higher at £40.19m.

The final dividend is raised from 2.5p to 3.3p, which effectively increases the total from 3.5p to 4.5p.

After higher tax of £2.03m, against £1.47m earnings per 10p share were up from 14.4p to 15.9p.

On a current cost basis attributable profits were £2.55m (£2.13m).

Websters surges ahead

AS PREDICTED at the time of last October's rights issue the final dividend at Websters Group, printer, publisher and wholesale book distributor, is 1.7p, which raises the total from 2.3p to 2.5p for 1981.

Pre-tax profits rose sharply *from £820,000 to £1.33m* on turnover £7.08m higher at £37.44m. At the interim stage the taxable figure was £227,000 (£106,000).

The directors say that although the trading climate remains uncertain they are confident of continuing to make progress.

Pre-tax profits were struck after lower interest charges of £280,000 (£295,000). Tax rose from £54,000 to £550,000. There was an extraordinary debit this time of £48,000. Earnings per 5p share emerged lower at 7.14p compared with 7.21p.

On a current cost basis pre-tax profits were £856,000 (£423,000).

Yearlings at 13⅞%

The interest rate for this week's issue of local authority bonds is 13⅞ per cent, down one-eighth of a percentage point from last week and compares with 12⅜ per cent a year ago. The bonds are issued at par and are redeemable on April 27 1983.

A full list of issues will be published in tomorrow's edition.

Small advance at Lamont

TIGHTER MARGINS, caused by the effects of the prolonged recession and increased competition from home and overseas, meant that despite a substantial jump in turnover from £6.22m to £9.94m, Lamont Holdings' taxable profits for 1981 just rose by £37,000 to £461,000.

However, with earnings per 10p share stated higher at 3.8p (3.3p) the final dividend is being raised to 0.8p (0.7p) net, making a total for the year of 1.2p (1.1p).

At the half-year stage, this holding company, with property development and management, life assurance, textile manufacturing and engineering subsidiaries, was ahead with taxable profits of £131,000 (£121,000) on turnover of £5.01m (£1.8m). However, Sir Desmond Lorimer, chairman, said at that point that the figures were not directly comparable because of acquisitions made during 1980.

Taxable profits for the year were struck after depreciation of £404,000 (£242,000) and interest payable of £304,000 (£334,000). There was a tax credit of £23,000 (£92,000 charge), and after minority interests of £44,000 (£4,000) and extraordinary debits of £41,000 (£169,000 credits) the attributable profits emerged at £487,000 (£505,000).

Sir Desmond says that it is the directors' objective that growth in profitability and dividends should continue and that they persist in their endeavours to be more efficient and competitive.

UK COMPANY NEWS

Hamilton Oil hit by fall in Argyll field production

A FALL in oil production from Hamilton Oil Great Britain's Argyll field operations from 5.81m barrels to 3.6m barrels hit the group's results for 1981. Turnover fell from £25.87m to £20.44m and taxable profits dropped from £18.87m to £13.17m.

And with earnings per 10p share of this subsidiary of Hamilton Brothers of the U.S. stated lower at 12.9p (18.4p) no further dividend is to be paid following a 1p net distribution paid on April 2.

Pre-tax profits included interest income of £3.57m (£3.92m) and a share from limited partnerships of £29,000 (nil). Tax took £6.72m (£9.65m) and after extraordinary debits of £617,00 (nil) the attributable profits came out at £5.83m (£9.22m). Dividends absorb £500,000 (£5.18m) leaving retained profits of £5.33m (£4.04m).

The major part of the company's income is currently derived from its 28.8 per cent interest in the Argyll field in the UK sector of the North Sea. The new low level of production, particularly during the second half of 1981, resulted from two extended shutdowns of the TW58 floating production platform which services the field.

The first was a scheduled shutdown of approximately eight weeks to carry out structural modifications on the platform. The second was an unscheduled shutdown during the last six weeks of the year following damage caused by an ususually severe storm. Production was not resumed until January 11, 1982, but since then, it has been running at a high level. Total production from the Argyll area during the first quarter of 1982 was 1.67m barrels.

Mr J. W. R. Sutcliffe, managing director, says that in 1981, two wells were successfully completed in the Argyll area. One was an infill well within the existing field and the other an exploration well on a structure some 4km to the west of the field. These wells have added significantly to estimates of recoverable reserves in the Argyll area, he says.

During the year, the company for the first time became involved in oil and gas exploration in the U.S. and Canada through its U.S. subsidiary taking a 4.8 per cent interest in a $105m joint venture exploration programme organised by its U.S. associates. Of the 41 exploration wells which were completed by the end of January 1982, 16 discovered oil or gas.

The company was floated on the London Stock Exchange in July 1981.

• comment

The Argyll field—of which Hamilton Oil (GB) has a 28.8 per cent stake—was the first in the North Sea to start producing. Yet far from running dry, Argyll seems to be enjoying a renewed lease of life. Two closely related structures are either in test production or about to be, and there is a strong chance that they will obtain separate field status. This would bring in oil allowances that would shelter much of the production from PRT. So while output was interrupted twice in 1981, barring accident profits should be back at 1980 levels in the current year, and the medium term outlook is healthy. Meanwhile cash in the balance sheet has come down from £33m to perhaps £22m. The lowly rating of the shares—unchanged at 91p yesterday—reflects uncertainties about how the Hamilton empire is developing.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—McKechnie Brothers, MTD (Mangula), Wade Potteries.

Finals:—Biddle, Concord Rotaflex, Cussins Property, Danish Bacon, Delta, Empire Stores, E. Fogarty, Haden, Harris Queensway, Hawker Siddeley, London and Continental Advertising, RMC Securities Trust of Scotland, Spear and Jackson, Sun Life Assurance, Western Motor.

FUTURE DATES

Interims:—
Fitzwilton .... April 20
Jessups .... May 12
Transvaal Consltd. Land & Ex. .... May 6

Finals:—
Blue Circle Industries .... April 28
Davies and Newman .... April 30
De Vere Hotels and Rests. .... April 29
Debenhams .... May 21
Holyrood Rubber .... April 29
Hongkong (Selangor) Rubber .... April 29
Kuala Selangor Rubber .... April 29
London Atlantic Invest. Trust .... May 19
Marshall (Thomas) (Loxley) .... April 22
Marshall's Universal .... May 6
Turriff .... April 27

Welbeck falls to £409,581

SECOND HALF pre-tax profits of Welbeck Investment are down from £551,007 to £336,440. The taxable result for the whole of 1981 dropped from £622,720 to £409,581 on turnover higher at £7.82m, against £7.36m.

The dividend has been lifted from 1.85p to 2p with an increased final of 1.25p (1.1p).

At the trading level profits fell from £627,906 to £441,399. An analysis of trading profits by division shows: banking services nil (£99,215); head office and financial services £141,216 (£75,285); printing £95,489 (£116,936); retailing loss £14,291 (loss £1,013); textiles £218,985 (£337,450).

Trading profits were struck before increased provisions of £31,818 (£5,186).

Tax took £153,395 (£151,035). After a credit for minorities of £11,561 (debit of £1,333), and lower extraordinary credits of £81,001 (£121,203) stated earnings per 10p share were down 6.4p (10.9p). Before extraordinary items they were given as 4.9p (8.7p).

On a current cost basis the operating profit before tax was £230,000 (£323,000).

Edinburgh Inv. Trust advances to £3.84m

Net revenue attributable to Edinburgh Investment Trust advanced from £3.4m to £3.84m in the year to March 31 1982, and the final dividend is being raised from 1.12p net per 25p share to 1.23p, making an increased total of 2.18p, compared with an adjusted 1.98p.

Gross revenue was ahead at £8.44m (£7.24m). After dividends of £3.63m (£3.26m) the retained surplus for the year emerged at £212,000 (£137,000).

At the half year stage this investment trust was already ahead with gross revenue of £4.52m (£3.81m) and net revenue attributable of £2.02m (£1.82m).

Net assets at the year end, taking investments at market value, attributable to ordinary shareholders, were equivalent to 78.9p (78.7p) per share.

CLRP rises to £383,362

In the half year to February 28 1982, CLRP Investment Trust made taxable profits of £383,362, compared with £364,906, on total revenue which rose from £514,018 to £559,123.

The interim dividend is being maintained at 1.6p net per 25p share and the directors forecast a final of not less than last year's 1.9p. Earnings per share are given higher at 1.8p (1.71p).

Tax took £122,618 (£177,129).

Perrys ahead 9% despite drop in vehicle sales

TAXABLE PROFITS of Ford main dealer Harold Perry Motors advanced by 9 per cent from £3.42m to £3.72m in 1981, on lower turnover of £99.05m, compared with £106.45m.

Mr J. F. Macgregor, chairman, says action to reduce operating costs, a substantial reduction in the group's borrowing requirements, and interest earned on temporary cash surpluses contributed to the improved result.

The recession and cut-throat competition hit vehicle sales volume and profits, he says. A lower number of new car sales produced 3.4 per cent more profit; commercial vehicle profits were 22 per cent less.

Other trading activities provided 65 per cent of total profit with higher contributions from spare parts — 34 per cent up — accident repairs — 17 per cent up—and self drive hire—more than doubled.

Looking to 1982 he says group profits for the first quarter were £1.12m (£860,000) but there is little evidence so far that the year will provide substantial growth in demand for the products and services.

Having in the past two difficult years been able to preserve the group's organisation, premises, and work force virtually intact it is ready for any upsurge in business which an improving economy would bring, he adds.

With stated earnings per 25p share rising from 11.5p to 13.4p the year's dividend is being raised from 3.5p net to 3.75p with a final of 2.25p (2p).

Tax took £1.3m (£1.37m) and after extraordinary debits of £166,000 (£223,000) the attributable profits came out at £2.25m (£1.83m). Dividends absorb £676,000 (£631,000) leaving retained profits of £1.58m (£1.35m losses after extraordinary item relating to previous years of £2.55m).

At the half-year stage the group was behind with taxable profits of £1.58m (£2.12m) on turnover of £48.78m (£54.34m).

Current cost adjustments reduced the pre-tax profits to £2.46m (£2.05m) and earnings per share to 6.4p (3.8p).

• comment

Last year was undisputedly tough. A £7m slip in Perry's turnover bears witness to the sluggishness of its new car sales which, it admits, were worse than the small setback for Ford overall. But Perry says it deliberately sidestepped the wild discounting necessary to keep hold of some fleet business and anyway car profits are ahead nearly a tenth. The big fillip for the pre-tax level was the further reduction in debt. Over £560,000 of term loans were repaid and interest charges were halved to around £400,000 while investment income shot up from £40,000 to £130,000. The results were good enough to inch the price back up to 103p—a high for the eighties—where the fully taxed p/e is 10.2 and the yield 5.3 per cent. Impressively 1982's first quarter profit is ahead 30 per cent. True, the comparable period was depressed but this January and February's snowstorms did little to help and March must have been an excellent month. If there was going to be a slow quarter it would have been the first, so the year seems to be shaping up for further recovery—as indeed it should to justify the rating, one of the highest in the sector. Ford's price cuts will affect margins from now on but Perry is not discouraged, believing it marks the end of hefty discounting. But others have an uneasy feeling that the move might mark the beginning of a price war—that could be bad news.

Continental Microwave on USM

Continental Microwave is joining the Unlisted Securities Market by way of a placing of 248,000 of its shares at 280p, or 24 per cent of its total capital. The placing will raise £110,000 and capitalise the company at £2.76m.

The company, which was established in 1973, designs and manufactures advanced electronic systems, covering the spectrum from vhf to the upper microwave frequencies, for terrestial and satellite communications, defence applications and television broadcasting.

Between 1977 and 1981, Continental's pre-tax profits grew from £47,000 to £174,000 while sales advanced from £584,000 to £2.1m. For the year ended June 1982 the company forecasts pre-tax profits will be not less than £300,000.

The directors intend to pay a final dividend in October of 1.75p net. For 1983 they forecast a full pay-out of at least 5.25p.

Continental was started in 1973 with funding from California Microwave, a U.S. company in the same line of business. In 1978, Technical Development Capital assisted three UK directors of the group to buy-out the company from California Microwave.

Of the 248,000 shares to be placed, 133,930 are being sold by TDC, 56,000 by three directors and the balance represents new shares issued. The TDC will hold 20.6 per cent of the shares after the issue while the directors will hold approximately 48 per cent.

The proceeds of the placing will be used to fund further expansion.

Stock Beech, stockbrokers, are sponsoring the share placing. Dealings on the USM are expected to begin on April 28.

• comment

Continental is a tiny company in a fairly fashionable, expanding business. The group says it can burrow into niches which the giants, like GEC, Plessey and Ferranti, have so far ignored. The European communications business, however, is riddled with regulatory minefields which mean that American-style growth is still some way off. Still, the group's customers are well split between the defence, telecommunications and broadcast markets. Some of its equipment is apparently steaming south with the armada at this moment. This naval thunder, however, is no doubt why Continental is being introduced on a full-taxed prospective p/e of less than 20. The prospective yield of nearly 3 per cent represents a slight premium to the sector.

ANGLOVAAL GROUP

Mining companies' reports – Quarter ended 31 March 1982

All companies mentioned are incorporated in the Republic of South Africa.

All financial figures, except those for the financial year and quarter ended 31 December 1981 of Consolidated Murchison Limited, are unaudited.

Rate of exchange on 31 March 1982, R1,00 = £0,53 £1,00 = R1,89.

Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.

Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 676 shares of 50 cents each.

	Quarter ended 31 March 1982	Quarter ended 31 Dec. 1981	Nine months ended 31 March 1982
Operating results			
Gold			
Ore milled .... t	75 000	78 240	230 500
Gold recovered .... kg	585,00	581,22	1 745,67
Yield .... g/t	7,8	7,4	7,6
Revenue .... R/t milled	86,51	95,94	92,88
Costs .... R/t milled	44,95	41,56	42,53
Profit .... R/t milled	41,56	54,38	50,35
Revenue R000	6 488	7 507	21 408
Costs R000	3 371	3 252	9 803
Profit R000	3 117	4 255	11 605
Financial results	R000	R000	R000
Working profit – gold mining	3 117	4 255	11 605
Non-mining loss (profit)	130	(389)	(360)
	2 987	4 644	11 965
Prospecting expenditure	295	203	703
Profit before taxation	2 692	4 441	11 262
Taxation	1 529	2 186	5 927
Profit after taxation	1 163	2 255	5 335
Capital expenditure	869	511	1 577
Dividends	—	2 590	2 590
	869	3 101	4 167
Development			
Advanced .... m	2 076	2 160	6 444
Sampling results:			
Sampled .... m	1 416	1 342	4 308
Channel width .... cm	207	196	198
Channel value .... g/t	7,5	7,3	7,0
.... cm.g/t	1 546	1 425	1 394

Dividend
Interim dividend No. 63 of 60 cents per share, declared in December 1981, was paid in January 1982.

Taxation
Taxation for the year to date has been calculated at the new rates announced by the Honourable the Minister of Finance in his budget speech. The charge for the current quarter includes additional taxation attributable to the previous quarters.

Capital expenditure
Outstanding commitments at 31 March 1982 are estimated at R2 283 000 (31 December 1981: R197 000).

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each.

	Quarter ended 31 March 1982	Quarter ended 31 Dec. 1981	Financial year ended 31 Dec. 1981
Operating results			
Ore milled .... t	109 200	105 400	398 950
Antimony concentrates plus cobbed ore produced .... t	4 403	4 387	16 599
Antimony concentrates plus cobbed ore sold .... t	2 704	5 646	16 212
Gold production .... kg	130	131	547
Financial results	R000	R000	R000
Sales of antimony concentrates less realisation charges	2 537	5 700	15 587
Gold sales	1 395	1 682	7 488
Sundry mining income	24	11	105
	3 956	7 393	23 180
Working costs	4 707	4 558	17 022
Working loss (profit)	751	(2 835)	(6 158)
Non-mining income	87	160	510
	664	(2 995)	(6 668)
Prospecting expenditure and stores adjustment	77	202	710
Loss (profit) before taxation	741	(2 793)	(5 958)
Taxation	—	928	1 313
Loss (profit) after taxation	741	(1 865)	(4 645)
Capital expenditure	506	453	1 281
Dividends	—	2 496	2 496
	506	2 949	3 777

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter. Because of poor demand and in order to remain competitive, the price of concentrates has been reduced.

Dividend
Final dividend No. 70 of 60 cents per share, declared in December 1981, was paid in January 1982.

Capital expenditure
Outstanding commitments at 31 March 1982 are estimated at R327 000 (31 December 1981: R347 000).

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each.

	Quarter ended 31 March 1982	Quarter ended 31 Dec. 1981	Nine months ended 31 March 1982
Operating results			
Gold			
Ore milled .... t	697 000	759 000	2 206 000
Gold recovered .... kg	7 248,80	7 513,40	22 394,17
Yield .... g/t	10,4	9,9	10,2
Revenue .... R/t milled	118,15	130,61	126,29
Costs .... R/t milled	60,07	56,23	57,82
Profit .... R/t milled	58,08	74,38	68,47
Revenue R000	82 350	99 131	278 595
Costs R000	41 866	42 679	127 556
Profit R000	40 484	56 452	151 039
Uranium oxide			
Pulp treated .... t	697 000	759 000	2 206 000
Oxide produced .... kg	108 601	109 367	323 070
Yield .... kg/t	0,16	0,14	0,15
Financial results	R000	R000	R000
Working profit – gold mining	40 484	56 452	151 039
Profit from sales of uranium oxide, pyrite and sulphuric acid	5 566	535	10 871
Non-mining income	3 986	3 294	11 305
	50 036	60 281	173 215
Interest paid	295	298	864
Net royalty payment	102	(33)	(358)
Profit before taxation and State's share of profit	49 639	60 016	172 709
Taxation and State's share of profit	37 641	31 959	105 094
Profit after taxation and State's share of profit	11 998	28 057	67 615
Capital expenditure	6 195	6 045	15 445
Loan repayments	23	26	84
Dividends	—	42 000	42 000
	6 218	48 071	57 529
Development			
Advanced .... m	10 472	13 705	38 439
Sampling results on Vaal reef:			
Sampled .... m	2 292	1 704	6 104
Channel width .... cm	50	49	50
Channel value – gold .... g/t	32,5	26,3	29,3
.... cm.g/t	1 620	1 295	1 464
– uranium oxide .... kg/t	0,51	0,47	0,49
.... cm.kg/t	25,46	23,08	24,40

Production
During the quarter an electrical breakdown occurred which affected hoisting operations. This resulted in a drop in plant throughput. Arrangements were made to maintain gold production at about the planned level and losses incurred will be partly covered by the Company's insurers.

Dividend
Interim dividend No. 52 of 375 cents per share, declared in December 1981, was paid in January 1982.

Taxation
Taxation for the year to date has been calculated at the new rates announced by the Honourable the Minister of Finance in his budget speech. The charge for the quarter includes additional taxation attributable to the previous quarters.

Capital expenditure
Outstanding commitments at 31 March 1982 are estimated at R30 335 000 (31 December 1981: R26 899 000).

Prieska Copper Mines (Proprietary) Limited

Issued capital 54 000 000 shares of 50 cents each.

	Quarter ended 31 March 1982	Quarter ended 31 Dec. 1981	Nine months ended 31 March 1982
Operating results			
Ore milled .... t	678 000	716 000	2 084 000
Concentrates produced			
Copper .... t	24 447	24 211	70 732
Zinc .... t	31 814	37 501	104 634
Concentrates despatched			
Copper .... t	22 560	25 144	84 367
Zinc .... t	38 143	32 817	102 414
Financial results	R000	R000	R000
Operating profit (loss)	1 023	(440)	2 228
Non-mining income	201	108	468
	1 224	(332)	2 698
Interest paid	63	108	266
Net profit (loss)	1 161	(440)	2 432
Loan repayments	—	1 279	1 279
Capital expenditure	1 227	949	2 854
	1 227	2 228	4 133
Development			
Advanced .... m	5 557	5 574	17 730

Prieska Copper Mines (Proprietary) Limited (continued)

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 31 March 1982 are estimated at R679 000 (31 December 1981: R994 000).

Loraine Gold Mines, Ltd.

Issued capital 18 366 988 shares of R1 each.

	Quarter ended 31 March 1982	Quarter ended 31 Dec. 1981	Six months ended 31 March 1982
Operating results			
Gold			
Ore milled .... t	392 000	410 000	802 000
Gold recovered .... kg	1 796,15	1 850,10	3 646,25
Yield .... g/t	4,6	4,5	4,5
Revenue .... R/t milled	52,44	59,15	55,87
Costs .... R/t milled	55,67	54,65	55,15
Loss (profit) .... R/t milled	3,23	(4,50)	(0,72)
Revenue R000	20 555	24 255	44 810
Costs R000	21 821	22 408	44 229
Loss (profit) R000	1 266	(1 847)	(581)
Financial results	R000	R000	R000
Working loss (profit) – gold mining	1 266	(1 847)	(581)
Loss on sale of uranium oxide and pyrite	31	—	31
Non-mining income	2 335	650	2 985
State assistance	2 433	534	2 967
	3 471	3 031	6 502
Interest paid, stores adjustment and service benefits	379	380	759
Tributing royalty payable	80	125	205
Profit	3 012	2 526	5 538
Capital expenditure	6 410	5 695	12 105
Loans received	579	1 974	2 553
	5 831	3 721	9 552
Loan repayments	21	34	55
	5 852	3 755	9 607
Development			
Advanced .... m	7 296	6 454	13 750
Sampling results:			
"B" and "A" reefs			
Sampled .... m	156	68	224
Channel width .... cm	51	10	39
Channel value .... g/t	5,8	43,0	8,7
.... cm.g/t	296	430	337
Basal reef			
Sampled .... m	420	456	876
Channel width .... cm	8	8	8
Channel value .... g/t	59,0	84,9	72,2
.... cm.g/t	484	679	585
Elsburg reefs			
Sampled .... m	414	228	642
Channel width .... cm	106	138	118
Channel value .... g/t	13,6	4,2	9,7
.... cm.g/t	1 450	573	1 139
Total – all reefs			
Sampled .... m	990	752	1 742
Channel width .... cm	56	48	52
Channel value .... g/t	15,3	13,1	14,4
.... cm.g/t	858	624	757

Taxation
No taxation or State's share of profit was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 31 March 1982 are estimated at R19 038 000 (31 December 1981: R25 903 000).

Shaft sinking
No. 1C Sub-vertical shaft was sunk 90,5 metres to a depth of 126,9 metres below 52 level and concrete-lined to a depth of 112,0 metres. The station on 54 level was excavated and concrete-lined.

State Assistance
State Assistance as shown in the tabulation of financial results is based on mining revenue and working costs only as the Government Mining Engineer has not yet determined which items of capital expenditure already incurred and to be incurred in the current financial year will be allowable as costs in terms of the Gold Mines Assistance Act of 1968.

Non-mining Income – Gold hedging
The proceeds of certain gold hedging transactions conducted during the quarter are included in non-mining income – as will be the case in respect of the financial results of any future hedging transactions. Non-mining income for the quarter is not necessarily representative and will vary from quarter to quarter.

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	13 %	Grindlays Bank	‡13 %
Allied Irish Bank	13 %	■ Guinness Mahon	13 %
American Express Bk.	13 %	■ Hambros Bank	13 %
Amro Bank	13 %	Heritable & Gen. Trust	13 %
Henry Ansbacher	13 %	■ Hill Samuel	§13 %
Arbuthnot Latham	13 %	C. Hoare & Co.	†13 %
Associates Cap. Corp.	13 %	Hongkong & Shanghai	13 %
Banco de Bilbao	13 %	Kingsnorth Trust Ltd.	14 %
BCCI	13 %	Knowsley & Co. Ltd.	13½ %
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½ %	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	13½ %
Brit. Bank of Mid. East	13 %	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	13 %
Canada Perm't Trust	13 %	Standard Chartered	■13 %
Castle Court Trust Ltd.	13½ %	Trade Dev. Bank	13 %
Cavendish G'ty T'st Ltd.	15½ %	Trustee Savings Bank	‡13 %
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	13 %
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13½ %
Choulartons	13½ %	Williams & Glyn's	13 %
Citibank Savings	‡12½ %	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	13 %	Yorkshire Bank	13 %
C. E. Coates	14 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½ %		
First Nat. Secs. Ltd.	15½ %		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of: under £10,000 10%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
§ 21-day deposits over £1,000 11¼%.
¶ Demand deposits 10%.
¶ Mortgage base rate.

1981-82 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Fully Actual taxed	
130	100	Ass. Brit. Ind. CULS	129	+1	10.0	7.8	—	—
75	62	Airsprung	62	—	4.7	7.6	[illegible]	[illegible]
51	33	Armitage & Rhodes	44	—	4.3	9.8	3.7	8.3
205	187	Bardon Hill	188	+1	9.7	4.9	9.7	11.2
108	57	CCL 11pc Conv. Pref.	107	—	15.7	14.7	—	—
104	61	Deborah Services	61	—	6.0	9.7	3.1	6.6
131	97	Frank Horsell	127	+1	6.4	5.0	11.4	13.9
83	59	Frederick Parker	73	—	6.4	8.8	3.6	7.2
78	46	George Blair	54	—	—	—	—	—
102	33	Ind. Precision Castings	83	—	7.3	7.8	8.9	10.4
100	100	Isis Conv. Pref.	100	—	15.7	15.7	—	—
113	94	Jackson Group	97	+1	7.0	7.2	3.1	6.9
130	116	James Burrough	116	—	8.7	7.5	8.0	10.4
334	240	Robert Jenkins	240	—	31.3	13.0	3.3	8.5
54	51	Scruttons "A"	51	—	5.3	8.3	9.8	8.1
222	159	Torday & Carlisle	159	—	10.7	6.7	3.2	5.6
15	10	Twinlock Ord.	13	—	—	—	—	—
80	66	Twinlock 15pc ULS	80	—	15.0	18.8	—	—
44	25	Unilock Holdings	28	—	3.0	12.0	4.6	7.6
103	73	Walter Alexander	78	—	6.4	8.2	5.7	7.0
263	212	W. S. Yeates	231	+1	14.5	6.3	6.0	12.7

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Turnround for Anglovaal metal producers

BY GEORGE MILLING-STANLEY

A COMPLETE turnround in fortunes among the base metal producers within the South African Anglovaal group has pushed the antimony-producing Consolidated Murchison into the red in the three months to March 31, while the copper and zinc-producing Prieska has moved back into the black.

The main reason for Prieska's return to profit was a change in the mix of concentrates shipped from the mine, with a greater emphasis on zinc. The rise in deliveries of zinc concentrates came in spite of a fall in production of the metal, while copper concentrate output was higher as a consequence of better head grades.

The total tonnage of ore milled decreased by 5 per cent to 578,000 tonnes, which produced 24,447 tonnes of copper concentrate against 24,211 tonnes, and 31,814 tonnes of zinc concentrates compared with 37,501 tonnes.

The amount of zinc concentrates shipped rose to 38,143 tonnes, some 16 per cent higher, while shipments of copper concentrates fell 10 per cent to 560 tonnes.

Consolidated Murchison's antimony output was slightly higher owing to better head grades, but sales fell by more than half to 1,104 tonnes, realising R2.54m (£1.36m) against R5.7m in the December quarter.

The weakness of the antimony market has meant that Murchison's by-product gold output is assuming an increasing importance, and the company has decided to publish details of its gold production for the first time. Output for the most recent quarter was 130 kilogrammes, broadly in line with that for the previous period.

Among the group's gold mines, Loraine went directly counter to the current trend in the industry, with a 19 per cent increase in net profits after the inclusion of non-mining income.

Loraine, a marginal operation, lost R1.27m on its gold mining operations, compared with a profit in the previous quarter of R1.85m. But R2.43m in state assistance, plus R2.34m from non-mining income against just R650,000 last time, gave the mine net profits of R3.01m against R2.53m in the December quarter.

The breakdown of non-mining income is not disclosed, but it is known to include the results of trial hedging transactions on gold futures markets concluded during the first three months of the year.

Loraine paid no tax, so that it was not affected by the recent increase from 5 to 15 per cent in the tax surcharge on South Africa's gold mines.

Hartebeest was not so fortunate, and its tax charge rose sharply following the group's decision to deduct the whole of the increased tax charge in the current quarter.

The higher surcharge is retrospective to the beginning of a mine's financial year, so that the tax figure in the current quarterly results reflects the higher level right back to July 1 last year.

	Mar qtr. R000	Dec qtr. R000	Sept qtr. R000
Hartebeestfontein	11,998	28,037	27,560
Loraine	*3,012	*2,526	*2,454
Cnsd. Murchison	†741	1,865	1,116
Prieska	1,161	†440	1,711
East Transvaal	1,163	2,235	1,917
Village Main	142	255	348

† Loss. *After receipt of State assistance.

Mr George Nisbet, chairman of Randfontein Estates and Western Areas, the other two mines to produce quarterly reports yesterday, conceded that the mines were lucky to be accounting on a calendar-year basis.

This means that both companies, members of the Johannesburg Consolidated Investment group, are only liable for the higher tax rate in respect of the most recent three months.

With mill throughput, gold grade, working costs and gold output all broadly unchanged, the lower gold price received was the only factor with any material effect on the profits of Randfontein.

The mine received an average of $363 per ounce compared with $426, or in rand terms R11,519 per kilogramme against R13,107. This decline, plus of course the higher tax charge, resulted in a fall of 41 per cent in net profits.

Randfontein managed to maintain the grade of its ore at 5 grammes of gold per tonne in spite of the fact that a higher percentage of low-grade material from surface tailings and rock dumps was treated. This suggests that underground production must have come from higher grade zones.

The group's marginal Western Areas operation posted a net loss, compared with a profit last time, following declines in mill throughput, gold price, and gold production, and a steep rise in working costs.

Mr Nisbet pointed out that the reduction in the amount of ore milled was largely attributable to a number of power failures. Western Areas lies in a district which is particularly subject to electrical storms, which frequently cause a loss of power.

In addition, there was a breakdown at a big compressor serving the mine's south shaft. Throughput was also affected by the commissioning of a screening plant designed to improve the grade of the mill feed.

Mr Nisbet admitted that this was a critical time for Western Areas, and consequently the mine has revised its mining plan with a view to raising the grade of ore treated. This means concentrating development work on the higher-grade Ventersdorp Contact and Upper Elsburg reefs.

He went on to say that Western Areas is considering every possibility for improving its position, including even an application for state aid. He denied that the mine had already applied and been turned down.

	Mar qtr. R000	Dec qtr. R000	Sept qtr. R000
Randfontein	29,810	50,857	31,997
Western Areas	†2,090	13,037	13,713

† Loss.

Cominco plunges into losses of C$15m

ANOTHER WORLD mining major has gone into the red. Canada's Cominco reports a loss of C$15m (£6.9m) for the first quarter of 1982 on sales of C$265.3m. This compares with a net profit of C$16.2m in the first quarter of last year and the total net profit for 1981 of C$70.3m.

Cominco, which is controlled by the Canadian Pacific group with an interest of 53.6 per cent, says that the past quarter's loss reflects depressed prices for lead, copper, silver, gold and potash coupled with higher operating costs.

The company, which is also a leading producer of zinc, incurred a first quarter operating loss at its mining and metals division of C$19m compared with a profit of C$20.7m a year ago. The chemical and fertiliser division saw profits fall to C$6.8m from C$16.3m in the first quarter of 1981.

Because of the current recession Cominco is implementing several cost control programmes, including temporary plant closures to control stock levels. Capital projects are being carefully monitored and where practicable are being postponed.

Recently reporting mine closures, Cominco said that it would maintain supplies to customers from metal and fertiliser stockpiles. It also said that the copper price was "of concern" in the company's consideration of the big, but low grade, Valley copper prospect in the Highland Valley district of British Columbia.

Down-to-earth valuation of Ashton diamonds

IN THE face of persisting talk Down-Under that the diamonds contained at the huge Ashton Joint Venture (AJV) discovery in Western Australia are of better quality than has been generally realised, comes a latest down to earth valuation from the AJV.

The venture's valuer has assessed a total of 32,000 carats from the northern and southern sections of the AK-1 pipe at a reduced average value of only US$7 per carat. This valuation takes into account the currently depressed conditions in the world diamond market and the fact that the bulk of the diamonds are industrial, rather than gem, grade.

Such valuations are made in order to assist feasibility studies of the proposed mining operation. Actual prices realised will, of course, reflect market conditions at the time of sales. Even so, the latest valuation is the lowest reported so far.

Another valuation carried out last quarter by De Beers' Central Selling Organisation (CSO) covered a mixed sample of 19,000 carats from the southern part of AK-1 and gave a better average value of $7.82 per carat. The higher value reflects an increased proportion of larger stones in the sample.

Previous valuations of AK-1 diamonds have ranged to over $20 per carat but in February this year CRA, the AJV consortium leader refuted assertions that the values reported by the venture were too low.

It gave an average value of stones from the southern section of AK-1 (where mining is to start) of $11.73 per carat which, it claimes, was supported by assessments from seven out of eight independent valuations.

Even so, the venture is set to become the world's biggest diamond producer in due course and has easily the highest concentration of diamonds.

Thomas Tilling on sound foundation

THE FINANCIAL strength, wide ranging markets and operating standards of Thomas Tilling provide a sound foundation on which to continue to plan profitable growth for the group, says Sir Robert Taylor, the chairman, in his annual statement.

For 1981, pre-tax profits rose to £73.6m, against £70.7m previously, on sales up 21 per cent to £2.05bn—as reported March 18. Earnings per share were lower at 18.6p (21.5p) but the dividend is stepped up to 8p (7.5p) with a net final of 4.5p.

Higher results arose entirely from overseas operations, particularly in the U.S. Although increased profits were earned from existing operations, high interest costs and Tilcon's acquisition of loss making quarries in the U.S. resulted in initial overall losses from interests acquired in the year. However, the quarries are expected to produce satisfactory profits and returns from now on.

Since the year end, total expenditure by the group on acquisitions has reached £42.7m. Total net assets acquired were £26.7m and combined profits before tax in their last accounts prior to acquisition were some £9.9m.

A statement of source and application of funds shows that funds of £89.7m (£97.6m) were generated in 1981. The purchase of fixed assets involved £51.7m (£56.8m) but there was only a small increase of £5.3m (£3.8m decrease) in working capital through continuing tight control during the recession.

There was an operational inflow of £2.3m (£24.1m) and after taking account of the £32.3m (£49.4m) cost of acquisitions less disposals of subsidiaries, there was a total outflow of £30m (£25.3m). Of this, £11.3m (£9m) was financed by issues of ordinary shares in connection with acquisitions.

At the year end, the group held investments of £112.5m (£92.1m) which serve to offset the foreign currency borrowed on a medium term basis to finance U.S. acquisitions. The bulk of these investments—£103.3m (£94.7m)—related to UK Government and Local Authority negotiable bonds and stocks, valued at cost.

The return on average funds employed fell from 16.8 per cent to 15.5 per cent. Net borrowings rose by £64m to £221.6m.

Meeting, 1st Floor, Centre Point, WC, May 14, at noon.

Silvermines jumps 83%

A RISE of more than 83 per cent from I£1.8m to I£3.3m is reported by Silvermines for 1981. The final dividend is being held at 2p, which brings the total to 3.5p (3p).

The directors say they have continued their policy of investing in new ventures and natural resources, but add that there has been a switch of emphasis to energy production and high technology.

During 1981, the group acquired a 24.7 per cent interest in the overriding royalty on the Kinsale head gas field in Ireland. Oil and gas royalty entitlements were bought on prospective acreage in the U.S. and Australia.

The directors report that there was continued strong trading by Anglian Windows, which they say is now the largest supplier of replacement windows and doors in the UK. The contribution from Anglian fell slightly to £1.13m (£1.33m).

The group sold half its holding in Aran Energy, realising a capital profit of £2.05m. There was a substantial increase in royalty income from Magcobar which the directors say helped the increase in operating profits from £365,454 to £378,564.

There was a satisfactory initial trading period for Irish Cold Stores.

Net investment portfolio profits rose from £284,043 to £1.84m. The share of associate profits fell from £1.15m to £1.11m.

Tax took £719,251 (£967,206). There was a transfer from capital revenues last time of £8,360, and retained profits surged to £2.23m (£520,227).

Disputes cut OCL profit by £20m

Overseas Containers Ltd (OCL), the major UK shipping consortium, suffered a sharp setback in profits last year as a result of the seamen's strike, disruption at Southampton, and trade recession.

The pre-tax figure slid from £46.8m to £26.1m in the financial year to November 30, 1981, on turnover up from £560m to £616m.

The strike and the problems at Southampton inflicted on OCL some £10m in extra expenses and a temporary loss of revenue to competitors, OCL said in its annual report.

But profits are expected to be higher in 1982, commented Sir Ronald Swayne, the outgoing chairman. Competition would remain fierce, but OCL would benefit from a full year's fuel savings on seven re-engined vessels and an increased contribution from new shipping trades.

OCL is jointly owned by Peninsular and Oriental Steamship with 47.4 per cent of the shares, Ocean Transport and Trading with 32.8 per cent, and British and Commonwealth Shipping with 19.8 per cent.

Sir Ronald said in the annual report that the dispute at Southampton continued until mid-February 1982, costing OCL a further £1.5m. There had been industrial unrest at Tilbury as well.

"We have also suffered from a disastrous increase in the number and length of industrial disputes affecting Australian ports." These were increasingly disruptive towards the end of 1981 and continued into 1982.

OCL was helped last year by the relative weakness of sterling towards the end of the period, further efforts to cut costs, and the switching and chartering of ships in and out of trades to match capacity to demand.

"Though pleased that OCL had made as much as £26m in difficult circumstances," Sir Ronald said profits did not provide an adequate return on capital employed.

Current cost accounts, drawn up for the first time, showed a pre-tax profit of £12.2m (£31.6m) and a return on capital employed of 2.7 per cent (8.9 per cent). "In the longer term, higher returns will be needed to justify the risk of reinvestment," he added.

This year is expected to be one of consolidation, with OCL aiming to complete the introduction of the new trades and benefit from increased size of operations.

OCL's services now cover most of the Western world, apart from the Americas. The new trades comprised: Europe to Arabian/Iranian Gulf and Far East to the same destination (introduced December 1980); Europe/East Africa (April 1981), and Europe/India and Australia/New Zealand/Gulf (November 1981).

A settling of the Gulf war would much improve the results of OCL's three trades into the area, it said. Apart from this, "we cannot count on any improvement in world trade over the next two to three years; we do not anticipate a reduction in the level of competition, nor any significant alleviation in the present world recession."

Profit increases would come from efficiency, better use of assets and lower costs. "We anticipate unspectacular though steady savings."

Britannia Arrow bids for Gen. & Commercial

BY DUNCAN CAMPBELL-SMITH

A SINGULARLY unusual condition governed a £15.3m bid by Britannia Arrow Holdings yesterday for General and Commercial Investment Trust, countering a £13.8m bid by Refuge Assurance agreed with G and C last Friday.

The condition reserved the right of Britannia and its advisers, Lazard Brothers, to withdraw the counterbid "if war is declared or there are major hostilities without a declaration of war prior to 5 pm today."

Happily that deadline was passed without disruption from the South Atlantic and a proposed share issue which is part of Britannia's bid now stands underwritten by a group of City institutions managed by brokers Rowe and Pitman and Carr Sebag.

Britannia is offering shares to the value of 116.92 per cent of G and C's underlying net asset value as and when the bid has become unconditional and Britannia's shareholders have approved its terms. The bidder has set an upper limit of 37.8m new shares for the issue and each will be valued at 42p for the purpose of the bid. Any necessary increment in the bid price to match the 116.92 per cent evaluation will comprise cash.

G and C's net asset value on April 13 was approximately £13.1m, or 245p per share. Britannia's bid on this basis would comprise shares valued at 42p each to a value of 286.5p for each G and C share.

The bid also presents a cash alternative equivalent to 103 per cent of the asset value. On the above basis, this would represent a bid of £13.5m or 252.3p per G and C share.

Refuge is offering shares plus a cash balance if necessary to give G and C shareholders the equivalent of their company's net asset value. Refuge's shares closed 10p higher at 228p, valuing its effective bid at 262p for each G and C share.

Mr Arthur Booth, Refuge's managing director, expressed his surprise at the Britannia bid and announced that his board had no intention of increasing its offer. However, Refuge's advisers, Charterhouse Japhet, later issued a statement acknowledging that under Rule 42 of the Takeover Code their client was barred from announcing at this stage its offer could not be increased.

Lazards confirmed that it had been in touch with Hill Samuel, which is advising G and C. The bank said it was hoped to secure the G and C board's recommendation, perhaps as early as Thursday.

Mr Stewart Goldsmith, a director of Britannia, said G and C's acceptance of the Refuge bid indicated a willingness to consider takeover terms and he presumed G and C would recommend the better offer

"There is no question that there are very good precedents for offering more than the net asset value for an investment trust, even in cash terms," said Mr Goldsmith. "The key for our shareholders will be the relative profits which Britannia can earn over a period of time on the acquired funds relative to any loss which may be made on the disposal of the G and C portfolio."

Britannia said its present intention was to liquidate G and C's portfolio at some stage to help provide cash resources for other activities, including the expansion of Britannia's own investments portfolio. The proposed share issue would also enable the company to broaden its institutional shareholder base.

Britannia's shares closed down 1½p at 40½p. G and C put on 13p to close at 248p.

Sketchley again extends U.S. bid

Sketchley, the linen hire and dry cleaning group, has extended its $40.6m offer for Means Inc of Chicago once again in the face of a further delay in the discussions between the anti-trust division of the U.S. Justice Department and ARA Services, which proposes to better Sketchley's offer for Means.

ARA has now agreed not to purchase the shares of Means tendered pursuant to its $37 per share offer until April 26. So, Sketchley has extended its own $33 per share bid until April 23. This is the third time that Sketchley has had to extend and wait for ARA and the Justice Department to come to some decision.

Sketchley's U.S. lawyers continue to make strong representations to the Justice Department and to the Securities Exchange Commission "in order that the present unsatisfactory position may be clarified as soon as possible."

ARA's counter bid has already exhausted the time allowed for an examination of anti-trust implications under the provisions of Hart-Scott-Rodino legislation but Sketchley's merchant banking advisers in London believe that ARA will be under pressure to come to some form of settlement before May 3 when shares tendered to it may be withdrawn should shareholders wish.

The UK group acknowledges that it faces long odds against a successful conclusion of its own approach but remains convinced that the odds against a Justice Department block on ARA's offer are not so long as to withdraw at this stage.

The costs of maintaining its interest in a bid for Means are rising weekly. Sketchley has arranged a placing of 4m ordinary shares to finance the deal and, with the placing fee rising by ⅛ per cent each week, the arrangement has already cost Sketchley an additional £50,000. The agreement, moreover, expires on the last day of this month.

BURTON GROUP

BURTON GROUP, the Top Shop and Dorothy Perkins retail chain, confirmed yesterday that the chairman and chief executive, Mr Ralph Halpern, exercised an option to acquire 100,000 shares at 56p per share. In the accounts for the year to August 29, 1981 Mr Halpern increased his option entitlement from 113,600 to 400,000 shares. The exercise price for the additional tranche of options was 92p, based on the middle market price ruling on the last dealing day before the option was granted.

The chairman's holding of ordinary shares in the last accounts was 146,356 shares

ARC's £12m aggregates takeover

Amey Roadstone Corporation, the construction materials subsidiary of Consolidated Gold Fields, has agreed terms to buy Westminster Gravels, a subsidiary of Royal Bos Kalis Westminster, the Dutch dredging and construction group, for a sum believed to be about £12.5m cash.

The deal will give Amey Roadstone an increased share of the UK dry aggregates market from its present 15 per cent of total sales, to around 17 per cent. ARC says the acquisition represents an important stage in reinforcing its long-term commitment to marine dredging.

Westminster Gravels had a turnover of £7.3m in 1981 with pre-interest and pre-tax profits of £946,000. It supplies marine dredged sand and gravel secured from areas just off the coastline in the English Channel. Westminster Gravels owns three dredgers, including the Deepstone, the largest aggregate dredger in Europe, and employs about 100 people.

Royal Bos Kalis Westminster said yesterday that the marine aggregate dredging business was a fringe activity for the company. Its involvement dates back to the 1950s, but the company now wants to concentrate its resources and management effort on the main RBW business in civil engineering.

The acquisition is being handled by the ARC Marine company and is the second ARC acquisition in the aggregate market announced this month. Last week the company purchased Blue Circle Industries' aggregates business for £37.6m cash.

Unlike the BCI deal, which involved four other serious contenders, it is understood that there were not any other serious contenders in the Westminster Gravels acquisition.

Charterhouse withdraws bid for CCP

Charterhouse Petroleum has withdrawn its bid for CCP North Sea Associates in view of revised arrangements with Cluff Oil Company covering the purchase of a 17.1 per cent stake in UK North Sea block 20/8 from Cluff.

A well is due to be started on 20/8 next month, Charterhouse said. It has a 9.8 per cent interest in adjoining block 20/2, where oil was found last year.

It said the acquisition of Cluff's stake in 20/8 was a central feature of its proposal to acquire CCP announced February 25. Cluff is CCP's largest shareholder with 29.9 per cent.

Charterhouse said its decision to withdraw its bid for CCP was also influenced by results from CCP's North Sea well 12/28-1, and the below forecast level of oil production from CCP's Buchan field interest in the first quarter of 1982.

CCP's net current assets have seen a significant reduction since December 31, it added. Charterhouse was offering shares and cash worth 198p per CCP share. Tricentrol in a rival bid is offering 208.6p.

Tricentrol's offer document, issued on April 14, said irrevocable undertakings to accept its terms had been given for 15.2 per cent of CCP's shares.

In addition, Cluff confirmed it supported Tricentrol's offer and would tender its 29.9 per cent interest subject to the lapsing of its existing undertaking to accept the Charterhouse bid.

BATUS DEADLINE IS EXTENDED

Batus, the U.S. subsidiary of BAT Industries, has extended the deadline on its $362m bid for Marshall Field, the Chicago department store company to 6 pm (Eastern Standard Time) today instead of the previous deadline of April 19.

Batus said yesterday that a total of about 8.5m common shares and 639,000 preferred shares had been tendered by the April 19 deadline. The tender offer price is $30 net per common share cash and $54 net per preferred share cash.

The deadline had previously been extended because Batus complied with a Federal Trade Commission request for information about the bid, and under U.S. law this meant that Batus could not purchase any Marshall Field shares until 10 days after it had supplied the FTC with the information.

Receivers for Weldon and Wilkinson

Weldon and Wilkinson, Nottingham-based dyer and finisher, has called in as Receivers Mr T. Houghton and Mr J. Doleman, partners in Touche Ross and Co.

Persistent decline in demand and the erosion of margins, coupled with growing imports of fabric and clothing have led to the decision. Reductions in the workforce since earlier this year have not been enough to stem the losses.

The company has 200 employees at present.

SPAIN April 20	Price %	+ or –
Banco Bilbao	348	
Banco Central	341	–2
Banco Exterior	305	
Banco Hispano	314	–2
Banco Ind. Cat.	110	
Banco Santander	325	–4
Banco Urquijo	202	–2
Banco Vizcaya	363	–3
Banco Zaragoza	246	
Dragados	155	+2.5
Espanola Zinc	64	
Fecsa	61	–0.5
Gal. Preciados	36.5	+0.5
Hidrola	62.7	–0.3
Iberduero	56.5	–0.7
Petroleos	90	–0.7
Petroliber	89	
Sogefisa	9	
Telefonica	63.5	–0.5
Union Elect.	63.7	+0.2

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	6	46	24	50	50	77 A	$343
GOLD C	$325	–	–	22	40	–	–	"
GOLD C	$350	6	13	26	25	22	48	"
GOLD C	$375	37	4	40	18	1	33 A	"
GOLD C	$400	18	2.50	33	10 A	–	–	"
GOLD C	$425	2	2.20	21	6	–	–	"
GOLD C	$450	[illegible]	[illegible]	–	–	–	–	"
GOLD P	$300	[illegible]	[illegible]	[illegible]	[illegible]	–	–	"
GOLD P	$325	61	9 A	14	12	2	16.50	"
GOLD P	$350	8	17 B	82	20.50 B	6	23.50	"
GOLD P	$375	–	–	9	40	–	–	"
GOLD P	$400	–	–	5	55 B	–	–	"
12¾ NL 81 87-91								
C	F.107.50	–	–	2	6.90 B	–	–	F.114
C	F.110	200	4.20 A	489	4.20	1	4.70	"
C	F.112.50	–	–	160	2.60	–	–	"
C	F.115	–	–	100	0.60	–	–	"
12 NL 81 86-93								
C	F.102.50	–	–	40	3.80	–	–	F.106.20
10½ NL 80 86-95								
C	F.97.50	–	–	12	6.90 B	–	–	F.103.70
C	F.100	5	2.70	110	4.10	–	–	"
C	F.102.50	50	1.60	1100	2.30	100	1.40	"
C	F.105	–	–	–	–	–	–	"
P	F.102.50	–	–	803	1	–	–	"
P	F.105	–	–	50	2	–	–	"
11½ NL 82 88-92								
C	F.102.50	1	2 B	18	2.80	–	–	F.104.50
C	F.105	50	0.80	209	1.30	150	1.90	"
P	F.102.50	–	–	–	–	150	1	"
		July		Oct.		Jan.		
ABN C	F.300	15	1.70	–	–	–	–	F.291
ABN P	F.280	12	4.20	–	–	–	–	"
AKZO C	F.25	50	4.80	–	–	–	–	F.28.80
AKZO C	F.27.50	77	2.50	65	3.20	–	–	"
AKZO C	F.30	119	1.10	50	1.80	4	2.30	"
AKZO C	F.32.50	53	0.50	10	1	–	–	"
AKZO P	F.27.50	10	0.80	–	–	–	–	"
AKZO P	F.30	50	2.70	–	–	–	–	"
AMRO C	F.50	–	–	4	2.20	–	–	F.50
AMRO P	F.45	–	–	–	–	6	[illegible]	"
HEIN P	F.55	–	–	–	–	11	4.50	F.55.80
HOOG C	F.17.50	40	0.90	30	1.60	–	–	F.17
HOOG P	F.15	–	–	20	0.70	–	–	"
IBM C	$65	–	–	–	–	5	[illegible]	$63⅝
KLM C	F.90	[illegible]	[illegible]	10	29.50	–	–	F.104.80
KLM C	F.95	[illegible]	[illegible]	5	19.50	–	–	"
KLM C	F.100	[illegible]	[illegible]	–	–	–	–	"
KLM C	F.110	[illegible]	[illegible]	45	9.40	–	–	"
KLM C	F.120	[illegible]	[illegible]	15	5.20	–	–	"
KLM P	F.80	[illegible]	[illegible]	–	–	–	–	"
KLM P	F.90	[illegible]	[illegible]	–	–	–	–	"
KLM P	F.100	[illegible]	[illegible]	–	–	–	–	"
KLM P	F.110	[illegible]	[illegible]	–	–	–	–	"
NEDL C	F.110	[illegible]	[illegible]	–	–	–	–	F.121.80
NEDL C	F.120	[illegible]	[illegible]	–	–	–	–	"
NEDL C	F.130	[illegible]	[illegible]	–	–	–	–	"
NEDL P	F.120	[illegible]	[illegible]	–	–	–	–	"
NATN C	F.105	[illegible]	[illegible]	15	5.40	–	–	[illegible]
NATN C	F.115	[illegible]	[illegible]	15	2.50	–	–	"
NATN P	F.110	[illegible]	[illegible]	–	–	–	–	"
PHIL C	F.20	[illegible]	[illegible]	–	–	–	–	F.25
PHIL C	F.22.50	[illegible]	[illegible]	65	3.20	5	3.70 B	"
PHIL C	F.25	[illegible]	[illegible]	410	1.50	–	–	"
PHIL C	F.27.50	[illegible]	[illegible]	14	0.70	–	–	"
PHIL P	F.25	[illegible]	[illegible]	60	150	10	2.30	"
RD C	F.80	[illegible]	[illegible]	20	10	–	–	F.91
RD C	F.90	[illegible]	[illegible]	18	4.80	15	5	"
RD C	F.100	[illegible]	[illegible]	28	1.20	15	2.60	"
RD P	F.80	[illegible]	[illegible]	12	1.70	–	–	"
RD P	F.90	[illegible]	[illegible]	14	6	–	–	"

TOTAL VOLUME IN CONTRACTS: 7501

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

April 20, Total Contracts 2110 Calls 1846 Puts 264

Option	Exercise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CU (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gld (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gld (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ctlds. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gr'd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gr'd Met. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		May		August		November		
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P & O (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Rfs. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C=Call P=Put

Expansion at Green's Economiser

TURNOVER AND profits continued to improve in line with expectations at Green's Economiser Group according to the directors. Taxable profits for 1981 moved sharply ahead from £1.87m to £2.22m on higher turnover of £32.13m, against £30.67m for the previous 53 weeks.

The final dividend of this holding company of engineers has been effectively raised from 2.69p to 2.88p net, which gives a higher total of 5.75p (4.93p adjusted).

Earnings per 25p share were given as 22.51p (15.14p adjusted).

Second half pre-tax profits improved from £788,000 to £1.47m.

Pre-tax profits for the 12 months were struck after an exceptional debit last time of £204,246, and interest payable of £117,119 (£207,440). However interest receivable of £253,515 (£67,631) was also included.

Tax was higher at £602,303 (£377,963) — the charge was reduced by stock relief provisions of £201,000 (£218,000).

Ordinary dividends absorb £565,862 (£485,024).

RILEY LEISURE

THE RECENT rights issue by Riley Leisure, the manufacturer of snooker tables, has been taken up in respect of 71.7 per cent. The balance of the shares have been sold at a net premium of 0.25p in the market for the benefit of entitled shareholders.

TECHNOLOGY

EDITED BY ALAN CANE

Centre to ensure safety of nuclear pressure vessels

BY DAVID FISHLOCK, SCIENCE EDITOR

A NATIONAL validation centre for the inspection of nuclear pressure vessels will be set up at Risley, Cheshire, later this year, under the aegis of the UK Atomic Energy Authority.

Teams responsible for the initial and in-service inspection of the £10m, 435-tonne steel pressure vessels for Britain's nuclear power programme will have to be trained, and the inspectors and their techniques approved, by this centre before their results are accepted by the government's nuclear inspectors.

This centre, funding of which is now being discussed by the Department of Energy and the Central Electricity Generating Board, is one major consequence of the latest report of the Marshall Study Group on the integrity of pressure vessels for the pressurised water reactor (PWR).

It will be equipped with full-scale components of the pressure vessel for Britain's proposed 1,100 Mw PWRs, up to 14 inches (35cm) thick. These parts will be deliberately flawed with "cracks down to the minimum size believed of consequence during the 40-year life of the reactor.

In preparation, UK AEA metallurgists led by Dr Roy Nichols, head of the Risley laboratories, have been developing a "*whole technology of creating cracks*," to quote one British authority.

The pressure vessel is one of three barriers preventing escape of high levels of radioactivity in a nuclear reactor accident. The others are the cans which seal nuclear fuel, set inside the pressure vessel; and the prestressed concrete containment enveloping the pressure vessel and other parts of the nuclear steam supply system. One task of the pressure vessel is to ensure that the fuel remains adequately flooded with coolant at all times.

The UK AEA yesterday published the second assessment of the integrity of PWR vessels by the study group headed by Dr Walter Marshall, UK AEA chairman, and including several of Britain's top metallurgists. The report went to the Nuclear Installations Inspectorate last month.

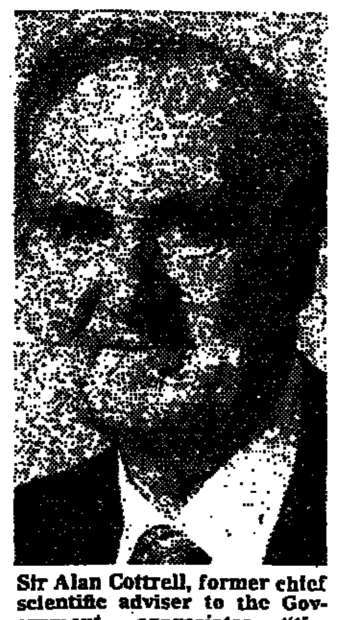
Two significant "political" differences distinguish the latest report from the first, published in 1976. One is that it has been published in full, and therefore contains considerable information previously regarded as commercially confidential to Westinghouse Electric—as licensors of the nuclear steam supply system Britain is proposing to buy—about the behaviour of the steel under different operating conditions.

The other "political" difference is that the conclusions of this report have the unqualified support of Sir Alan Cottrell, a former chief scientific adviser to the Government and the man who validated the pressure vessel design for Britain's present nuclear reactors.

Shortly after the accident to a PWR on Three Mile Island in 1979, Cottrell released a letter written to the Prime Minister expressing his fears about *pressure vessel integrity*. Dr Marshall recognised that, if Cottrell's views were not to become a major weapon in the hands of opponents of the CEGB's Sizewell B PWR project, his expert committee must do more to satisfy Cottrell's remaining reservations.

The 57 "essential" recommendations of the new report (and another 26 "desirable" recommendations) tacitly acknowledge that Cottrell was right. They also acknowledge

Dr Walter Marshall, UK AEA chairman, recognised that his committee had to satisfy the remaining reservations



Sir Alan Cottrell, former chief scientific adviser to the Government, appreciates "the significant changes"

that in certain respects the technology has considerably improved since 1976; and in *others, that earlier fears have* proved unfounded.

In an exchange of correspondence with Marshall, published yesterday, Cottrell says he appreciates the "many significant changes" since the *1976 report.*

"If a PWR station is built in the UK then we shall be able to benefit from the experiences and developments of the past six years." He singles out radiation-embrittlement in the older U.S. reactor vessels, due to poor-quality steel, and cracking beneath the cladding in some early French vessels, as two problems he would now expect Britain to avoid.

With the very clean steels now being made, for example in Japan and France, crack growth rates are much lower than was assumed by the study group in 1976. They can be kept low enough never to become dangerously large during the lifespan of a reactor vessel.

This would, nevertheless, be verified at intervals during the *vessel's life (see accompanying* sketch). The crucial question was whether cracks of a certain size could, in fact, be detected with a high enough degree of certainty, both initially and in service.

The OECD mounted a major exercise called PISC in which dozens of teams examined the same specially-flawed specimens of steel by one carefully specified U.S. method of ultrasonic inspection.

The results, to quote one member of Marshall's study group, "gave everybody a bit of a shock." Standards varied considerably and fell, says Cottrell, "well below what was expected in principle."

Britain initiated a new exercise, nicknamed "mini-PISC," in which France and West Germany took part. Some of Europe's best teams were invited to repeat the task using the best method of inspection they knew. For example, Harwell used a *new method* called time-of-flight ultrasonic inspection it has been developing. The newer techniques proved more sensitive in finding small cracks and much more reliable.

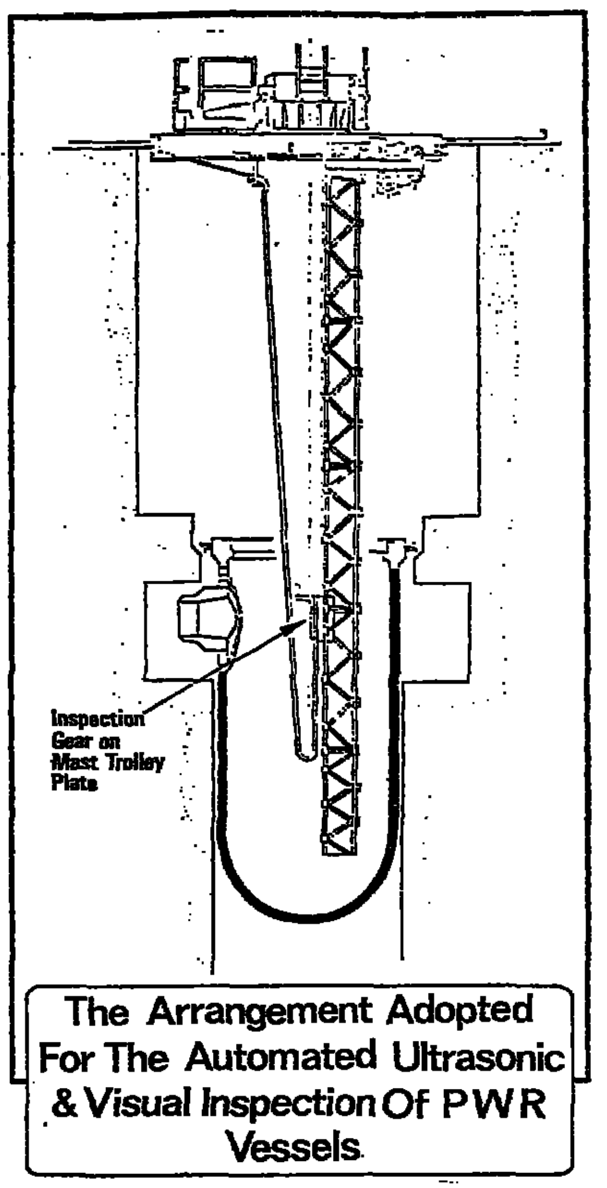
The study says that the likelihood of inspection failing to find cracks of significant size in the pressure vessel is "exceedingly remote."

Given these newer techniques, correctly used, the study calculates the probability of failure in the class of pressure vessel the National Nuclear Corporation proposes to buy for Sizewell B at less than one in a million per year.

But it believes the vessel should be inspected more frequently once it has entered service, especially in the early years of its life, than is currently called for by the U.S. ASME XI specification.

The study also recommends the use of an acoustic emission test as a way of detecting cracks while the vessel is being subjected to hydrotest at pressures of up to three times its normal operating pressure. This test listens for the faint creaks emitted by metal under severe strain—"a potentially important way of detecting defects of the order of 1 in deep."

An assessment of the integrity of PWR pressure vessels. UK AEA, £35.



The same automated inspection techniques, sketched here, should be used for pre-service "finger-printing" of the pressure vessel and for in-service inspection

Tough at the top for Hell

IT'S HELL at the top—at least, that is how the West German manufacturer of colour scanning equipment sees its position in the UK market.

Its chief competitor is, of course, Crosfield Electronics which has made a virtue (a hat-trick of Queen's Awards for Export) of selling its machinery overseas.

Now, Hell has launched a new scanner—the 399—to fit between its small C299 compact scanner and its high performance DC350.

The machine, the 399, costs between £80,000 and £90,000 and features laser, multicolour and programmed colour corrections.

Colour scanners are essential in colour printing technology. They replace all the time-consuming and messy equipment required to carry out traditional colour separation work and make it possible to retouch and carry out colour corrections automatically.

Hell claims that at maximum feed rate and using the multi-colour feature, the recording time for four colour seperations in A4 format is five minutes.

Details of Hell's equipment on 01-648 7090.

Infra-red imaging helps spot heat loss

THE TECHNOLOGY of infra-red thermal imaging, which advanced rapidly through image intensifier techniques developed by the U.S. for night-vision use during the Vietnam war, has been taken a step further through the co-operation of a British company with an American partner.

Darnel Instruments, a small company in Evesham, Worcestershire, has marketed new equipment, in two versions, which it believes will greatly improve airborne surveillance at night and in poor weather conditions, and also provide a new tool for industry.

Although this type of equipment has been used largely for military and security purposes its industrial applications are increasingly important, particularly in relation to energy saving. This is for identifying and quantifying heat loss from buildings, but perhaps, more importantly in "seeing" temperature variations in industrial processes.

It is estimated that machine energy inputs can be lowered by as much as 25 per cent in some industries, notably paper and plastics manufacture, while there are important applications in petrochemicals, atomic energy and welding.

Darnel claims that its new equipment is the first commercially available high-resolution infra-red system with direct television output for airborne field use.

"The combination of a wide field of view, TV compatability, high resolution and ease of operation makes Infravision an excellent night vision system," the company said. Discussions with UK military authorities are taking place. It is suggested that power failures and grid breakdowns can be avoided by airborne infra-red inspections of power lines and substations to pick out faults.

The claimed superiority of the Infravision system is based largely on the provision of its key element, the optics and detector package, by FLIR Systems of Portland, Oregon. It takes its name from the abbreviation of Forward Looking Infra-red (FLIR).

Darnel believes that a vital requirement of its equipment is television compatibility, with direct interfacing of the sensors' output with standard commercial components, such as computerised video processing, video tape recorders and telemetry data links.

This direct interface is not easily possible in the parallel scanning system, commonly used in military systems, and Darnel, therefore, adopted an alternative approach—serial scanning.

"Serial scanning facilitates efficient use of the detector. It requires only a single channel of video processing, and this can be achieved with less electronics. This results in less cost and lower maintenance than parallel-scanned common module systems," the company said.

A further choice for Darnell was required between two serial scanned FLIR designs, one using multiple detectors to scan small apertures, or single detectors scanning large apertures and large optical beams.

Moreover, it is claimed by FLIRS systems that much of the maintenance and difficulty in obtaining component parts for other high performance FLIRs have been engineered out of its package.

For simplicity, a single or double detector system was adopted, avoiding a complex electronic time-delaying network required for a large number of detectors, and the additional cost and reliability problems.

"The mechanical and optical design was carried out, keeping simplicity as a primary requirement and keeping the number of unique parts as few as possible," Darnel said. It claims that repairs could generally be carried out in any well equipped aviation electronics facility.

"The Infravision sensor is one or two orders of magnitude simpler in complexity and price than any other comparable thermal imaging system with equal performance," the company said.

LORNE BARLING

Easier life for the telephone repair men

USING ONE of the new breed of semiconductor chips that is able to generate speech from digital circuits, Teradyne has been able to make life easier for telephone repair men.

Teradyne has for some time offered a computer-based telephone line test system which automatically tests, each night, each subscriber line to determine its condition.

The faults are printed out centrally and often it is possible, claims the company, to rectify a fault even before the subscriber becomes aware of it.

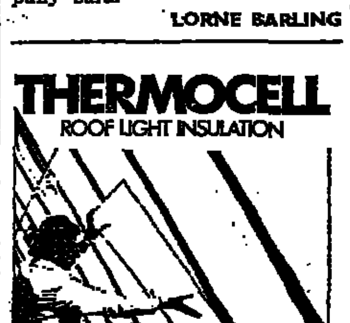
The new speech option Teradyne is offering allows the digitised results of the tests to be converted to speech signals to be heard on demand when the repair man rings in from a remote point.

Using a special handset equipped with keypad he calls a special number, keys a simple command and the system, called 4TEL, immediately carries out the required line tests.

Moulding

POLYPENCO'S new MR series *of injection moulding materials* is now described in a series of leaflets from Polypenco, PO Box 56, Bridge Road East, Welwyn Garden City, Herts (Welwyn Garden 21221).

The range consists of six formulations based on nylon six and 66 some mineral or glass reinforced or a mixture of both.



PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL
The Buckinghamshire County Council announce that the interest rate on their Variable Rate Redeemable Stock 1982 for the period 21st April 1982-21st October 1982 is 7.3125 being equal to ¾% per annum above the average six month sterling Deposit rate offered on or about 10.00 am on the 20th April 1982.

METROPOLITAN BOROUGH OF WOLVERHAMPTON
£10,000,000 91 day Bills issued 14 April 1982. Due 14 July 1982 at 12⅞%. Applications totalled £22m. These are the only Bills outstanding.

CLWYD C.C. BILLS
£2m Bills from 20/4/82 to 20/7/82 at 13¼%. Application £8.25m. £10m outstanding.

CENTRAL REGIONAL COUNCIL BILLS
£2.5m Bills from 21.4.82 to 21.7.82 at 13⁷⁄₃₂%. Application £18½m. £12½m outstanding.

GRIMSBY B.C. BILLS
£0.35m Bills from 21.4.82 to 21.7.82 at 13¼%. Application £2.8m. £0.35m outstanding.

NORTHAMPTONSHIRE C.C. BILLS
£12m Bills from 21.4.82 to 21.7.82 at 13.203125%. Application £62¼m. £12m outstanding.

KNOWSLEY M.B. BILLS
£1m Bills from 21.4.82 to 21.7.82 at 13³⁄₁₆%. Application £9½m. £3m outstanding.

BARNSLEY M.B.C. BILLS
£2.85m Bills from 21.4.82 to 21.7.82 at 13⁷⁄₃₂%. Application £15.75m. £5.6m outstanding.

EAST SUSSEX C.C. BILLS
£3m Bills from 21.4.82 to 21.7.82 at 13³⁄₁₆%. Application £37.75m. £7m outstanding.

BOROUGH OF BLACKBURN BILLS
£0.9m Bills from 14/4/82 to 14/7/82 at 13%. Application £0.9m.

GLASGOW DISTRICT COUNCIL
Bills issued 21/4/82 £3.5m @ 13³⁄₁₆%. Maturing 21/7/82. Applications £24.5m. Bills outstanding £21.5m.

PERSONAL

ART GALLERIES

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF EDWARD BURA. 1975-1976. Mon.-Fri. 10-5. Sat. 10-1.

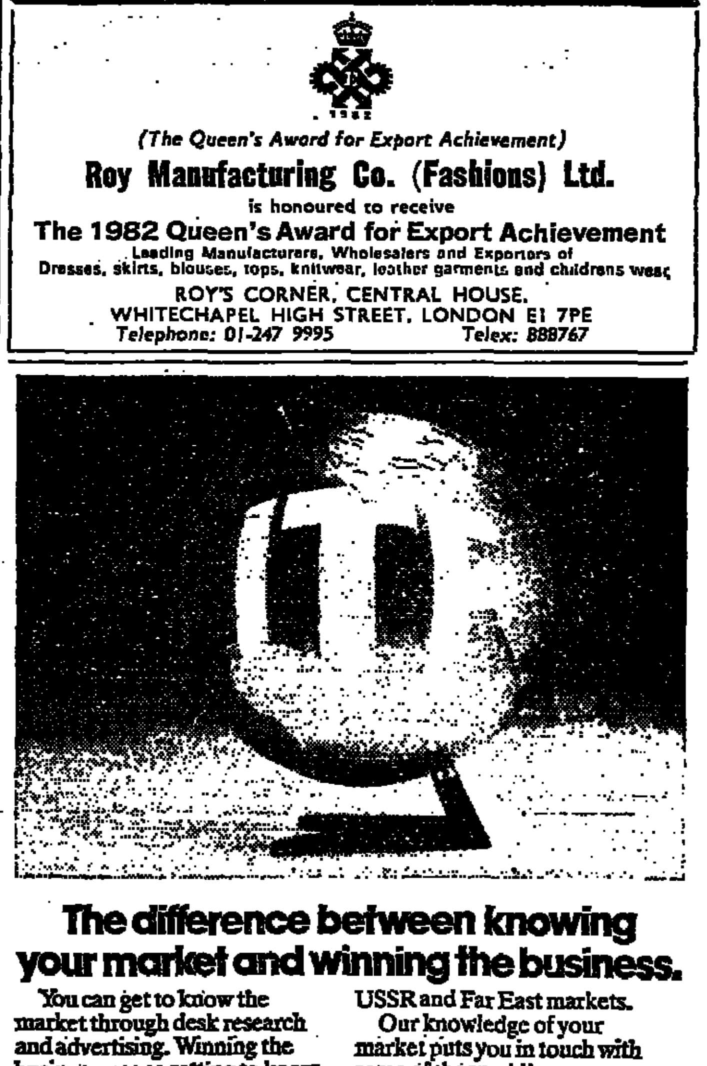
WHITECHAPEL ART GALLERY. Whitechapel High St. 377 0107. Tube Aldgate E. To 2 May FRIDA KAHLO & TINA McDOTTI/ANSELM KIEFFER. Sun.-Fri. 11-5.30. cl. Sat. Free.

DAVID CARRITT LTD., 15, Duke Street, St. James's, SW1. INDIAN PAINTINGS 1525-1825. Until 30 April. Mon.-Fri. 10-5.

FIELDBORNE, 63, Queensgrove, NW8. 01-586 3600. PICTURES FROM LONG LARTIN—JIM GILBERT.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.



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The Queen's Awards
FOR EXPORTS AND TECHNOLOGY

1982

EXPORT ACHIEVEMENT

'A substantial and sustained increase in export earnings to a level which is outstanding for the products or services concerned and for the size of the applicant unit's operations'

Aerocoldform: The company manufactures cold extruded mild steel components for use in the manufacture overseas of tractors and other vehicles, the main use being for piston pins and tracklink bushings. Exports go to the U.S. and West Germany.

Aircraft and Instrument Demisting: This very small company (six employees) manufactures a demist filter for night vision goggles and sights and anti-mist and frost coatings for glass substrates. These are in use with civil and military aircraft, tanks and other transport and were used on Apollo and Sky-Lab. 96 per cent of the £½m turnover comes from overseas sales.

Aircraft Furnishing International: A medium-sized company manufacturing passenger seats for aircraft. It has had outstanding success with a lightweight mark of modular design introduced in 1977 and now exports mainly to Hong Kong, U.S., Indonesia, Malaysia, Sweden and Philippines. An Award winner in 1968 and 1969.

Alvis: A United Scientific Group company, Alvis is a leading British manufacturer of armoured vehicles, and its Scorpion range is recognised worldwide. Over half the company's output is exported with sales to approximately a dozen countries.

Aston Electronic Developments: Manufactures broadcast television equipment, in particular a video character generator, which is now available with over 150 matching national fonts (character sets). The keyboard can be purchased in 16 different languages and the product is sold chiefly in Europe, Scandinavia, Australia and South Africa.

Aviation Traders (Engineering): This subsidiary of Aer Lingus overhauls, repairs and maintains aircraft and aircraft components owned or operated by overseas companies. An Award winner also in 1981, the company provides its services to customers in 17 countries.

BICC Power Cables: A major UK manufacturer of copper and aluminium conductor electric cable for power distribution up to 66 kV, as used in power stations, mines and railways and in industry and construction projects. Award winner in 1976.

BIS Software: This company has concentrated on the development of international banking software and its systems have been sold to some 47 overseas countries. Award winner in 1981.

Ballantyne Sportswear: A member of the Dawson International Group manufacturing ladies' and mens' quality knitwear of which 75 per cent is made of pure cashmere and the balance of new wool. Italy is the major export market with Japan the most rapidly expanding market. Award winner in 1967.

Baxter Fell Northfleet: Manufacturers of modular shopfitting equipment—shelving, counters, refrigeration cabinets — steel prefabricated components and ancillary products. Supplied in kit form for easy assembly by local unskilled labour. Principal markets are the Middle and Far East and North and West Africa.

Beaufort Air-Sea Equipment: A member of the BTR Group designing and manufacturing liferafts and lifejackets, specialised flying clothing, immersion suits, survival suits, anti-gas suits and submarine escape suits. It has associate companies in Australia, Canada and the U.S. and exports to 37 countries worldwide.

Bibby Line: One of the leading UK shipowning companies achieving increased earnings despite the difficult trading conditions in the shipping industry. It is concentrating increasingly on the more technologically sophisticated side of the market. The company, which operates worldwide, were winners of the Award in 1972 and 1976.

The Aircraft Group of British Aerospace: The group consists of six manufacturing divisions producing both civil and military aircraft. Notable programmes include the Harrier, Hawk, Tornado, Jaguar, Airbus wings, BAC 1-11, 146, 748, 125 and Jetstream 31. The group also provides defence support services in Saudi Arabia and Oman. Over 50 countries have purchased its products.

Butterworth Systems (UK): A subsidiary of Esso, the company manufactures and maintains marine and shore-tank cleaning equipment. It has also recently commenced the manufacture of high pressure water jetting equipment. The company has regularly exported to various European and Scandinavian countries and the U.S. and has recently obtained orders in Spain.

The Germiston Works of Cape Boards and Panels: Manufacturers of non-combustible, asbestos-free boards and panels for shipbuilding construction and high technology industrial markets. Exports from Germiston are worldwide but principally to European and Comecon countries and North and South America. Cape Boards and Panels received the Technology Award in 1980.

Claridge Mills: A small firm, weavers of wool, silk, cashmere, etc., cloth and rugs and scarves of the same materials. Has flexible production facility which enables it to produce large or small quantities to suit customers' requirements. Export markets are the Far East, North America, Western Europe and Australia.

Coin Controls: This company manufactures coin handling mechanisms for the amusement and vending industries. About 80 per cent are made for use with foreign coins. Exports go to some 19 countries.

Comfort Hotels: Of the 27 hotels which the company operates in the UK and overseas, 14 in the two- and three-star categories are located in the London area and are the subject of the Award. The largest number of foreign guests is from Germany, Sweden, South America, U.S. and Switzerland and new business has been obtained from several other markets, especially the Far East.

Trevor Humphries

Mr Tony Tantram, managing director of City Technology, with a tray of oxygen sensors. The company has won the Queen's Award for technological achievement in the development of the sensors which are used mainly in energy conservation and medicine

Magnetic Media Manufacturing division of Control Data: Established in Wales in 1973, this subsidiary of the American Control Data Corporation manufactures tape, disc packs and cartridges for computer systems. It is one of the three leading suppliers in Europe/Scandinavia and now also exports to 22 other countries worldwide. An Award winner in 1978.

Coopers (Metals): The company exports reclaimed iron and steel scrap to a variety of European countries, notably Spain, and also to India and the Far East.

Cummins Engine: This prominent manufacturer of diesel engines is the UK subsidiary company of Cummins Engine in the U.S. It exports in great volume across a power range of 150-1,600 hp to all parts of the world, major markets being the U.S., South America and the Middle East.

The Equipment division of Dasic International: This division's products are designed for use on marine tankers and must comply with internationally agreed regulations for the control of pollution and to ensure safety. The products include permanently fixed crude oil washing equipment, portable tank cleaning machines and portable water/air-driven gas freeing/ventilating fans. The division has 14 export markets covering Europe, Scandinavia, Singapore, Australia and the U.S.

Dowty Meco: This member of the Dowty Group manufactures heavy-duty conveyors for the mining industry which it exports to some 17 countries throughout the world. In recent years it has achieved very substantial sales to China.

Dreamland Electrical Appliances: This company is the largest British manufacturer and exporter of electric blankets. On a smaller scale it also manufactures and exports fire detection equipment. From a strong domestic base, the company has steadily increased exports year by year and now sells its products in Europe, Australia and South Africa, with some local manufacture in New Zealand.

The Marine Loading Arm division of EMCO Wheaton UK: This division manufactures specialised loading equipment for the transfer of liquids and liquefied gases at ports and harbours. A subsidiary of Emco of Canada, it exports to about 70 countries in all parts of the world, with recent notable successes in Saudi Arabia, India, Philippines and the Netherlands.

Fabrikat Industries: This medium-sized company has progressed from manufacturing lighting columns to fabricating steel poles and offering complete packages for power distribution requirements. Exports are made to the Gulf States, Nigeria, Cyprus, Hong Kong, Jordan, Eire, Kenya, Iraq, Saudi Arabia and Malawi.

Fairey Allday Marine: This subsidiary of Fairey Holdings designs and manufactures aluminium, glass fibre and steel boats up to 30 metres long, major clients being Government and military authorities and commercial operators. It exports mainly to Africa, the Far East and the Middle East with a major new market in the U.S.

The Display Group of the Navigation Systems Department of Ferranti: This small display group designs and assembles the Combined Map and Electronic Displays (COMED) installed primarily in military aircraft. The system has achieved outstanding success both in Europe and the U.S., with more recent entry to India.

Donald Fisher: A small member of the Distillers Company which specialises in adapting its packaging for particular markets. Export sales are worldwide with the main volume going to Central and South America.

Flymo: a member of the Electrolux group of Sweden, is a well-known manufacturer of lawnmowers. It exports to more than 80 countries in all parts of the world including 12 new markets developed since 1978.

Peter Fraenkel and Partners: A firm of consulting engineers whose overseas work is principally in connection with the planning, design and construction supervision/management of works in ports and harbours, dockyards, coast protection, inland waterways, roads, bridges etc., plus associated mechanical and electrical services. The partnership is currently active in Hong Kong, Thailand, Malaysia, India, Egypt, Nigeria and Africa.

GEC Electrical Projects: This subsidiary of the General Electric Company specialises in the design manufacture, installation and commissioning of complete electrical systems incorporated in a wide variety of industries including metals and mining, marine, rural electrification and airfield projects. Contracts are taken in many countries, with major current work in India, the Middle East, South Africa, Nigeria, Central and South America.

GEC Turbine Generators: This GEC subsidiary manufactures steam turbines and associated generators for fossil-fired and nuclear power stations. It undertakes the design and supply of complete thermal power stations. Award winner in 1977, 1980 and 1981.

Haiste International: A firm of consulting engineers specialising in public health engineering, water supply and marine and harbour works. Its principal export markets are Iraq, Libya and Saudi Arabia in each of which territories local offices have been established.

Head Wrightson Machine Company: This company, part of the Davy Corporation, designs, supplies, installs and commissions strip processing and finishing equipment, tube mills and auxiliary equipment for the metals industries. Export markets are in East and West Europe, Scandinavia, India and South Africa. It has also recently obtained a large contract in Mexico.

Henderson Busby Partnership: Consulting engineers specialising in transportation and having an internationally recognised expertise in railway consultancy. The firm has worked for over 120 years in the consultancy profession in some 72 countries worldwide.

Holborn Law Tutors: An independent law college providing full-time degree and professional training for UK and overseas students. The college exports its services to some 15 countries, mainly in South East Asia and Africa.

R. G. Holland and Co.: Manufactures ferro-titanium for use in the production of steel. It exports to many countries in Western and Eastern Europe and also to the U.S., Australia and the Far East.

Hughes Tool Company: This subsidiary of Hughes Tool Company of the U.S., manufactures specialised tools and equipment for the oil, gas, mining, water-well and construction industries. It exports to some 70 countries in all parts of the world. The company was an Award winner in 1980.

Huntleigh Medical: Designs, manufactures and markets electromedical and electronic equipment for use in hospitals and for homecare. Products include bloodflow and foetal heart monitoring and detection equipment. Over 85 per cent of output is exported to a dozen countries, covering Western Europe, U.S., Canada and Japan.

Incinerator Company: Designs, manufactures and installs incinerators in compliance with environmental emission standards. Exports have been made to 28 countries in the past three years, mainly in the Middle East, Far East and Africa.

Instrument Colour Systems: The company markets a computer based colour measuring system used within the textile, paint, plastics printing and other colour based industries. It is exporting to more than 27 countries including Japan, the Far East and Australia.

James Marine Services: A small servicing company (21 employees) that provides marine machinery, equipment and essential spares for deep-sea merchant shipping fleets. Approximately 85 per cent of turnover is exported to more than 20 countries.

Johnson Matthey Chemicals: A leading manufacturer and exporter of catalysts, metallising preparations and a variety of high purity and specialty chemicals. It is also a major refiner of gold and silver, producer of bullion bars as well as licensors of chemical processes and trades with over 100 countries.

Johnston Pipes: A small company manufacturing glass reinforced plastic pipes which are much lighter than traditional steel or concrete pipes. Regular sales are made to the Middle East and Eire with Nigeria and Hong Kong as new markets.

Kodak: This UK subsidiary of Eastman Kodak of the U.S. is well established as one of the leading exporters of photographic materials and equipment, with exports concentrated on Western Europe. The company won Awards in 1970 and 1978.

Landis Lund: This subsidiary of Litton Industries of California manufactures large custom

Continued on next page

Her Majesty the Queen has made 91 awards to British companies for export achievement this year and 19 for technological achievement

1982

Continued from previous page

built, technically advanced grinding machines, mainly for the automobile industry. It exports to Central and South America, Mexico, Western Europe, India and Australia.

Lapointe Broach Company division of Staveley Machine Tools: This manufacturer of broaching machines, broaching tools and associated products is among the leaders in its field and won an Award in 1981. Most of its products are used in the manufacture of aero engines.

Life Science Research: A subsidiary of IMS International of New York, this company undertakes contract research for the medical, pharmaceutical, agrochemical, medical food and food additive industries.

Liquid Plastics: The company manufactures plastics-based waterproof coatings and fire retardant finishes. Exports are worldwide and several new markets have been established in recent years.

Actuation division of Lucas Aerospace: This division designs, develops and manufactures hydraulic and pneumatic actuation systems for aircraft secondary flying control systems, aircraft gas turbine engine thrust reversers, and other engine and missile actuation systems. Key markets are France, West Germany and Italy and exports are also made to Japan, India, China and Canada. An Award winner in 1981.

Mabey and Johnson: Manufactures structural engineering equipment, particularly unit construction bridging. Regular sales are made to over 30 countries worldwide. Newer markets are North and South America and Indonesia, in which country a local manufacturing arrangement was agreed with the Indonesian Government for 200 Bailey bridges. Award winners in 1973 and 1978.

Martin-Baker Aircraft: This company designs and manufactures ejection seats for use in military aircraft. Over the past 35 years almost 5,000 lives have been saved by the Martin-Baker system, which is installed in the military aircraft of 67 countries.

Merz and McLellan: A long-established firm of consulting engineers whose main activity is in large scale electric power generation and transmission schemes. The firm operates worldwide providing its services to some 40 overseas countries.

Metier Management Systems: Formed in 1977, overseas earnings are from the sale (and rental) of mini-computer-based information facilities for project management, and royalty income from licencees overseas.

Michelin Tyre: Subsidiary of French company manufacturing car, truck, bicycle tyres and tubes, flaps and wheels. Sales are made to over 100 countries.

Micro Focus: A small company (45 employees) developing and marketing computer software products. Overseas business is almost entirely from the CIS COBOL product range and particular success has been achieved in the U.S. and Japan as well as a number of European markets.

Micro-Image Technology: Manufactures ultra-pure chemicals for supply to the semi-conductor and related industries. Exports to Western Europe and the Soviet Union and some East European countries as well as to Japan and Algeria.

S. A. Monk: This subsidiary of Dostour Engineering manufactures knitting machines, fabric transfer printing machines and fabric examination machines. Since it was re-formed in 1975 it has developed markets in many parts of the world.

Morgan Grenfell: A merchant bank providing services mainly in the banking, corporate finance, investment management project and export finance and Eurobond fields. These services are exported to most parts of the world.

Morris Hanbury Jackson Le May: This company is a leading exporter of hops and hop products to many parts of the world.

National Supply Company (UK): This subsidiary of Armco of the U.S. manufactures a wide range of oil drilling machinery in various locations in England, Scotland and Northern Ireland.

Licensing division of Netlon: Exports machinery for making nets and meshes to 17 countries, mostly in Europe.

T. P. O'Sullivan and Partners: A small firm of consulting civil engineers operating mainly in the fields of transport and urban development, with services designed specifically to meet the requirements of public sector organisations in developing countries.

A. H. Philpot and Sons (Milk Powders): Exports dried milk products to most parts of the world. Many new markets have been developed in recent years.

Phosyn Chemicals: Produces trace element fertilisers and provides associated analytical and technical services. The traditional markets are France and Libya

Pirelli General: This subsidiary of Pirelli manufactures electric cables and accessories, and through its subsidiaries and local teams abroad undertakes multi-discipline turnkey projects, involving civil works and the supply and installation of cables and complementary capital goods. The company exports to over 100 markets.

Portals Holdings: Portals comprises three major businesses, bank note and security papers, water treatment equipment and chemicals and engineering machinery for the graphic arts and packaging industries. It trades worldwide and in 1981 direct exports from the U.K. exceeded £50m. The Group won an Export Award in 1977.

The Fragrance division of PPF International: This member of the Unilever group manufactures fragrances and flavours which are used in the manufacture of toiletries, soaps, toothpastes, etc. Exports are made to some 70 countries.

Quest Automation Systems: Manufactures computer-aided design and manufacturing systems, including sophisticated software. Exports are made to Europe, Scandinavia, Australia, China, U.S., South Africa and Japan.

The RHP Precision Division of RHP Bearings: Manufactures high precision ball and roller bearings in a full range of inch and metric sizes to meet the needs of all markets, particularly machine tools. It has established markets in Italy, U.S., Spain, India, France, Taiwan, Australia and Canada.

Avionics division of Racal-Decca Navigator: This division designs and manufactures airborne navigation equiment for helicopters and fixed-wing aircraft. Its products have been fitted in 94 different types of aircraft in 52 countries.

Racal Security: Using infra-red and microwave technologies, this small company within the Racal Electronics Group designs and manufactures electronic intruder detection sensors and associated equipment for the security indusrty. The company now exports 85 per cent of its output.

Ransomes and Rapier: This manufacturer exports cranes and earthmoving equipment to many parts of the world.

Redland Automation: This former subsidiary of Redland has been acquired by a management based syndicate. It manufactures electronic traffic detection, analysis and control equipment; industrial process instrumentation measuring the density and flow of liquids and gases, and water industry instrumentation. The company exports to 29 markets.

Roy Manufacturing Company (Fashions): A small firm which makes extensive use of outworkers to manufacture ladies' dresses, blouses and skirts; suede and leather garments; and children's wear. Currently the most important market is Libya.

Ruston Gas Turbines: This member of the GEC Group is among the leaders of the gas turbine industry. Large volumes of exports go to all parts of the world and five new markets have been established in recent years. This company won Awards in 1969, 1977 and 1978.

Shackleton Engineering: This small subsidiary of Shackleton Managemen: manufactures industrial gear units for mechanical power transmission drives primarily for use in the North American oil industry. The principal markets are U.S., Canada, Holland, Belgium and India.

Simon Food Engineers: This subsidiary of Simon Engineering designs, supplies, erects and commissions complete manufacturing plants. It exports machinery and accessory equipment associated with food processing plant mainly to South America

UK Overseas Group of Smith Kline and French Laboratories: This group exports human pharmaceuticals. Under a franchise granted by the parent company in the U.S., the group exports to Asia Minor, the Middle East and parts of Africa.

The Cheltenham division of Smith Industries Aerospace and Defence Systems: Manufactures aeronautical control and display systems. Its products have been specified as standard fit on three types of Boeing aircraft, in spite of stiff domestic U.S. competition.

Stewart Wales, Somerville: This small company (27 employees) manufactures specialist surface coating, similar to paint. It exports to the Middle East and is now starting to expand into the Far East.

T. I. Chesterfield: This member of the Tube Investments group manufactures seamless steel gas cylinders. The company has exported to 38 countries in the past three years including 11 new markets.

Tiger Tim Products: A small company (30 employees) manufacturing firelighters made principally of kerosene. The major export market is West Germany with other European countries and Malta, Cyprus, Bermuda, Tahiti and Saudi Arabia providing outlets for these products.

Richard Unwin International: This very small company (six employees) obtains orders for military pyrotechnics and subcontracts their manufacture. It exports primarily to Middle Eastern and African countries.

VG Instruments: A subsidiary of Eagle Star (Holdings) it embraces 10 subsidiary companies which manufacture a wide range of scientific instruments and systems. It exports to many countries.

Video Arts: A small company producing training and educational films, with complementary training publications also producing sponsored films commissioned by third parties.

Wallwin Pumps: The company manufactures pumps which it exports together with sewage equipment and other installations. Exports go to about 20 countries with the greatest concentration in the Middle East.

Watercraft: This medium-sized company manufactures survival craft for the oil industry and for ships, together with ships' davits and commercial craft.

Wearwell: Manufacturers of ladies' and children's outerwear —skirts, slacks, dresses, suede and leather wear etc.—men's outerwear—coats, suede and leather wear. Overseas sales go to the Middle East, Europe and North Africa. Award winner in 1980.

Young's Seafoods: One of the leading exporters of fresh chilled and frozen seafoods.

TECHNOLOGICAL ACHIEVEMENT

'A significant advance, leading to increased efficiency, in the application of technology to a production or development process in British industry or the production for sale of goods which incorporate new and advanced technological qualities'

"Slimline" division of ARC Concrete: Recognised for research and development of technology in precast concrete, in particular the production of reinforced concrete pipe in which glass fibre replaces steel as the reinforcing agent.

City Technology: Gains the Award for technological innovation in the development of oxygen sensors. The CTL oxygen sensor based on battery technology is a relatively cheap, simple and rugged instrument of excellent stability and sensitivity. Its main applications are in the fields of safety, energy conservation and medicine.

Coles Cranes: This well-known engineering company receives the Award for technological innovation in telescopic boom design. Its "OCTAG" (eight-sided) boom series of mobile cranes, incorporating a four section fully-powered boom claims 10 per cent more height and 30 per cent greater lifting capacity than conventional rectangular box boom cranes.

L1 Division-Battlefield Sensors Royal Signals and Radar Establishment: The Award goes jointly to L1 Division-Battlefield Sensors and Plessey Optoelectronics and Microwave for technological innovation in the research and development of materials and electrical circuitry leading to the production of pyroelectric infra-red detectors. Application of the technology includes the manufacture of burglar alarms, gas pollution monitors and weather satellite radiometers.

Edwards of Enfield: This company gains the Award for advancing technology in the automatic handling of non-ferrous metals extruded by hydraulic presses up to 7,000 tons. Its extrusion puller, powered by linear motors and integrated automatic extrusion saw with overall microprocessor control, improves product quality, significantly reduces waste and economises in energy and manpower requirements.

The Scottish Group of Ferranti: The Scottish Group gains the Award for the development and production of a combined map and electronic display (COMED) for use in military aircraft.

Instron: This company gains the Award for development and production of its 8000 series testing machines used for studying the mechanical properties of materials components and structures. Its microprocessor control application to material testing machines has simplified complex procedures enabling tests to be conducted with high accuracy, repeatability and minimal risk of human error.

Laser-Scan Laboratories: Laser-Scan is recognised for innovation in the design and manufacture of laser-based computer peripherals and systems. Its HRD-1 FASTRAK laser display digitizer has application in the field of cartographics and in the design of bank notes with significant cost economics.

The Actuation division of Lucas Aerospace: This division gains the Award for technological innovation in gas turbine engine re-heat nozzle and thrust reverse actuation systems.

May and Baker: Recognised for technological innovation in the development and production of "FLAGYL" (metronidazole) for use in the treatment of anaerobic infections, with particular application in post-operative conditions.

The Mining Research and Development Establishment of the National Coal Board: The Award is made jointly to the Mining Research and Development Establishment and Salford Electrical Instruments for the development and practical application of a natural gamma radiation detector as an aid to the steering and guidance of coal cutting machines.

Neotronics: This young company gains the Award for the development and production of a fuel efficiency monitor, a light portable self-contained unit which speedily analyses essential information on boiler or furnace combustion efficiency. It caters for solid, gaseous or liquid fuels and can be used by non-skilled personnel.

Osel Offshore Systems Engineering: Recognised for its development and production of one-man tethered submersibles. In the offshore oil industry these vessels, incorporating single atmospheric systems, overcome decompression problems and time limitations imposed by "wet" diving.

Plant Breeding Institute: The Institute is recognised for innovation in breeding the nematode-resistant main-crop potato variety Maris Piper. Outstanding characteristics of the variety include its immunity to wart disease, resistance to gangrene, and its high yield and good quality.

Plessey Optoelectronics and Microwave: See entry for L1 Division—Battlefield Sensors, Royal Signals and Radar Establishment.

Racal-Redac: Recognised for innovation in the application of advanced microprocessor technology in the production of a portable desktop computer aided design machine.

The Derby Engineering function of Rolls-Royce: The Derby Engineering function gain the Award in recognition of their outstanding contribution to fuel efficiency in the operation of turbofan aircraft engines. Their RB211-524 series have demonstrated in successful service since 1978 superior fuel consumption economies over competing engines.

Salford Electrical Instruments: See entry for the Mining Research and Development Establishment NCB.

TSL Thermal Syndicate: This company is recognised for technological innovation in the manufacture of translucent fused silica tubing for use in the manufacture of infra-red radiant heaters for domestic and industrial application.

COMMODITIES AND AGRICULTURE

UK maintains hard line at farm price talks

BY LARRY KLINGER IN LUXEMBOURG

THE EUROPEAN Community's Agriculture Ministers last night resumed their marathon farm price fixing negotiations with little indication that they were prepared to significantly shift their hard line stances on a wide range of contentious issues.

Aware that their talks are still overshadowed by Britain's refusal to ratify any new farm price pact until a satisfactory solution is agreed on limiting the UK's EEC budget contributions, the Ministers were playing their negotiating cards close to their chests.

British officials made it clear that the UK was not prepared to make any immediate major concessions.

In anticipation that Britain might come under pressure to demonstrate a greater flexibility in response to the EEC-wide support for its stand over the Falkland Islands invasion, officials were quick to declare that, while the UK was "very grateful" for EEC solidarity over the Falklands crisis, the farm price talks were an entirely separate issue.

On the other hand, British officials were equally keen to demonstrate that Britain intended to negotiate seriously towards obtaining a "strong agreement on farm prices" in parallel with the budget talks and despite its preoccupations with the Falklands dispute.

The most encouraging view of the current talks, which are expected to continue through tomorrow, came from Herr Josef Ertl, the West German Agriculture Minister.

Herr Ertl said, after lunching with Mme Edith Cresson, the French Minister, that with just a "little flexibility" the Ministers could agree on new price levels and acceptable adjustments in the EEC's Agri-monetary, or "green" currency, system.

The European Commission, in its latest compromise plan set before the Ministers, proposes a general rise in farm prices of about 10.5 per cent, with substantial "green money" revaluations for some countries.

The latter proposal is being resisted by both Britain and West Germany. Revaluations, while tending to keep shop prices from rising, mean a corresponding percentage cut in any agreed guaranteed price rises for farmers.

Herr Ertl said, however, that he felt that even an agreement on straightforward price levels was probably not possible until several contentious related issues were resolved. These include new arrangements for Mediterranean produce such as wine, fruit and vegetables; special aid for high inflation countries such as Greece, Italy and Ireland; and aid for small dairy farmers.

The difficulties surrounding these issues were highlighted by Mme Cresson, who said on her arrival last night in Luxembourg that new marketing arrangements for wine "is a point that France cannot do without."

Several northern EEC countries, notably Britain, are refusing to deal with the wine issue separately, arguing that this "Mediterranean product" cannot be hived off from the overall discussion on the whole range of southern agriculture production.

This attitude is effectively blocking any agreement on wine, as there is a consensus among the member states that there simply is not enough time in the current discussions to deal fully with the overall question.

● Mr Alick Buchanan-Smith, the British Minister of State for Agriculture, leading the British delegation while Mr Peter Walker, Agriculture Minister, was detained in London for a special Cabinet meeting to discuss the Falkland's crisis—said last night's discussions produced an even greater range of disagreement in detail, than at the Ministers' meeting earlier this month.

While directly linking the farm price talks to the Budget question, Britain is anxious not to be seen as the only country preventing a new farm pact.

Mr Buchanan-Smith said feelings were running strong in the majority of the member countries over a range of difficult issues, not least, over the potential cost of any new measures.

Britain, along with West Germany had asked the Commission to produce detailed cost estimates for the Council of Ministers to study today.

Way clear for U.S. stock index futures

BY NANCY DUNNE IN WASHINGTON

THE KANSAS CITY Board of Trade has failed to get a temporary court injunction to halt approval of the Chicago Mercantile Exchange's contract. It was expected that the contract would be granted by the Commodity Futures Trading Commission and trading would start today.

The MERC will be the second American stock index futures contract, based on Standard and Poor's 500 stock index and the one most industry insiders expect to achieve the highest volume of sales.

The contract would follow by two months the value line stock index contract successfully introduced two months ago by the Kansas City Board of Trade.

Kansas City officials had asked for a year's delay in the trading of competing contracts because they had been the first to submit a proposal to trade futures based on a stock index.

After the court decision Mr Leo Melamed, special counsel to the CME, claimed that the MERC had originated the idea of stock market index contracts ten years ago. The exchange made its research files available in court to prove they had not simply copied the concept from Kansas City.

Mr Melamed said stock index futures contracts will provide investors with the ability to hedge their investments as well as to discover the market price.

Mr Michael Sweet, a public affairs specialist at the MERC, said the new contract will increase open interest in Stock Exchange futures and that Kansas City volume — an average 1,750 a day — will ultimately increase.

Second day dip in London gold trading

BY JOHN EDWARDS, COMMODITIES EDITOR

TURNOVER on the London gold futures market dipped yesterday on the second day's trading to 1,478 lots of 100 troy ounces each, compared with 2,336 lots on the first day. However this was thought to be mainly a reflection of the very quiet conditions in the physical gold market, plagued by continued uncertainty about the Falklands Islands crisis.

On the bullion market the spot price for gold closed $5.25 down at $342.75 a troy ounce. The August position on the London futures market closed $2.925 lower at $201.575 a troy ounce after falling to $200.40 at one stage.

Once again the bulk of the turnover on the new futures market came after the opening of New York trading just before 3.30 pm. London dealers are confident that a good arbitrage business is developing, which may increase further next week when American clocks go forward by an hour.

The weakness in gold, uncertainty about the Falklands and continued lack of consumer interest, kept trading on the London base metal markets subdued yesterday.

Hudson Bay Mining and Smelting of Canada confirmed it is lowering its price for zinc, sold outside North America, from $900 to $860 a tonne. This is in line with similar reductions announced earlier this month by several European smelters, which so far most integrated primary zinc producers, who control concentrate supplies, have failed to follow officially.

In New York, St Joe Minerals cut its domestic U.S. price for lead by 2 cents to 26 cents a lb.

Sugar price at 2½-year low

By Our Commodities Staff

THE DECLINE in world sugar values continued yesterday with the London daily raws price slipping £6 to £129 a tonne and the August position on the London futures market ending £5.125 down at £134.675 a tonne. The futures price was the lowest since the autumn of 1979.

Dealers said the fall was influenced by reports of selling by Thailand and Florida producers while consumers showed little buying interest. News of plantation strikes in Jamaica and flood damage to crops in Queensland did little to strengthen the market, they added.

In Mexico City meanwhile Geplacea, the group of Latin American and Caribbean sugar exporting countries, blamed the EEC for the expected big 1981/82 sugar surplus which is currently depressing the world market.

The group's marketing head, Sr Jose Lago said the EEC would have a surplus of about 4m tonnes this crop year and its "dumping policies" had seriously lowered prices.

Increase in cocoa demand

By Our Commodities Staff

BRITISH COCOA bean grindings rose 16.65 per cent in the first quarter of 1982 compared with the same period last year. The Cocoa Chocolate and Confectionery Alliance said yesterday that the January-March grindings total was 25,335 tonnes, up from 21,718 tonnes.

Dealers noted, however, that the rise was in line with market forecasts and had no impact on prices. They said they thought the increase represented a continued switch from cocoa butter imports back to beans due to favourable price differentials. This meant that no significant increase in actual consumption was indicated, they said.

After opening up to £5 a tonne down nearby positions on the London futures market rallied on trade price fixing and covering against "short" speculative sales, they said. At the close May cocoa was £4 up on the day at £945.50 a tonne.

First quarter grindings in other major consuming countries were announced at the end of last week. The West German and Dutch figures rose more than expected at 8.1 per cent and 6.7 per cent respectively.

INTERNATIONAL AGREEMENTS

New disputes threaten UN common fund

BY BRIJ KHINDARIA IN GENEVA

PROSPECTS for early operation of the proposed $750m "common fund" to finance price stabilisation and export promotion of some 18 commodities have receded further because of disagreements with the present international commodity organisations.

The disagreements were serious enough for a new round of talks due next month to be cancelled awaiting private consultations between the commodity organisations, interested governments, and the Secretary General of the UN Conference on Trade and Development (Unctad) which is sponsoring the fund.

Agreement to create the fund was reached two years ago. However, the March 31 deadline for its official ratification by at least 90 countries has been missed. Only 22 countries have ratified the Fund, although 82 countries have initialled the agreement signifying willingness to join it later.

The 22 members will meet in May to decide on an extension of the ratification deadline. But most other countries are now waiting to see the result of separate negotiations about how the fund will function.

Because of delays in ratification and difficulties concerning its operation, the fund is unlikely to begin work until well into 1983. Although there is no question of unravelling the 1980 agreement creating the fund, further delays may happen if Unctad's sixth three-year conference due in June, 1983, fails to revive enthusiasm in North-South co-operation.

Apart from delays in ratification stemming from red tape in many developing countries, the fund has become a casualty of President Reagan's coolness towards Third World demands for financial and other aid from richer nations. U.S. delegations in Geneva are consistently slowing down progress towards new international commodity agreements which would get help from the fund. Without such agreements, the fund would have little reason to become operational because its main functions, as laid down in 1980, are the financing of buffer stock operations to stabilise commodity prices and of schemes to boost Third World exports.

The U.S. is raising serious questions about the ideology underlying the Unctad programme to reach international agreement in 18 commodities whose centre piece is the Common Fund. Initial demands for a $6bn (£3.4bn) fund were scaled down in negotiations between 1976 and 1980 to $750m, of which $400m would finance buffer stock operations and the rest would pay for market research and export promotion. But the U.S. feels that the entire Unctad programme should be re-studied to prevent undue interference with existing market mechanisms.

However, the most difficult problems in the path of the fund's operation stem from the unwillingness of managers of the four existing international commodity agreements (for natural rubber, sugar, tin and cocoa) to co-operate too closely with the fund.

An 80-nation group met in Geneva last month to discuss rules by which the Fund would operate but adjourned inconclusively after hearing the views of the four commodity organisation managers.

The managers' chief complaint was that Unctad secretariat suggestions about the terms under which the organisations would be associated with the fund were too detailed and restrictive.

The suggestions paid insufficient attention to the peculiarities of each organisation as well as the special characteristics and operating practices of the markets involved, the managers said.

They wanted the fund's rules to be phrased in very general terms "leaving the detailed provisions to be negotiated between each organisation and the fund's management as equal partners."

The reference to equal partners strikes at the fund's roots because it was conceived as a policy-maker superior to the commodity organisations.

That superior status is now being contested by the commodity organisation managers. The fund's supporters feel that making it just a helper implementing price stabilisation schemes set up by each organisation will harm its ability to function because of its inability to meet the needs of all such organisations simultaneously. It could no longer act as an arbitrator between conflicting demands with authority to enforce its decisions.

In addition to this new controversy, almost all the main elements concerning the fund's operations remain to be settled. Negotiations on these are well behind schedule because they too should have been concluded before the March 31 deadline.

Issues yet to be settled include rules to conduct both the fund's buffer stock and export promotion operations, voting procedures, staff regulations and rules of association with other international bodies including various commodity agreements.

Grain subsidy warning

WASHINGTON — The U.S. may be forced to enter an export subsidy war because of the EEC's agricultural policies, said Mr Thomas Hammer, who recently resigned as Deputy Under Secretary of Agriculture. He told a meeting of the agriculture sub-committee of President Reagan's Export Council that U.S. agricultural exports may decline in volume in the coming year. The EEC's agricultural subsidies were one reason for the expected drop.

"The U.S. has too much at stake to let the EEC action go unchecked," said Mr Hammer.

He cited the EEC's increase in market share for flour exports in recent years and said the EEC had "been using [illegible] Treasury to undercut pri[illegible]"

Hammer represents [illegible] Miller's National Federation [illegible] their pending complaint before Gatt over the EEC's use of [illegible] export subsidies. [illegible]

If the Gatt panel's determination is inconclusive or [illegible] favour of the EEC, then it could have a serious impact on future international trade, said Mr Hammer.

A decision by the Gatt panel against the U.S. could result in the U.S. withdrawing from the Gatt subsidies code, he said.

Another possibility would be for the U.S. to seek the same treatment for agricultural subsidies under Gatt as now exists for industrial products.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed in quiet and routine trading on the London Metal Exchange. Copper moved in a £5 range prior to closing the late Kerb at £895.75, while lead was finally £332.5 and zinc £418.5. Rumoured support buying by the bullet stock manager left tin at £7,367.5 at the close. Aluminium ended the day at £584.75 and nickel at £3,112.5.

[illegible]

SILVER

Silver was fixed 18.4p an ounce lower for spot in the London bullion market yesterday, at 406.2p. U.S. cent equivalents of the fixing levels were: spot 718.1c, down 28.4c; three-month 746.2c, down 28.8c; six-month 773.5c, down 28.8c; and 12-month 826.4c, down 28.6c. The metal opened at 406-408p (720-725c) and closed at 407-410p (720-725c).

[illegible]

COCOA

Futures opened steadily on further trade and commission house short-covering but gains were pared and prices drifted lower on a lack of follow through. Actuals business was again scarce, reports Gill and Duffus.

[illegible]

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business) New Zealand cents per kg.

[illegible]

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg.

[illegible]

INDICES

FINANCIAL TIMES

April 22	April 16	Month ago	Year ago
242.80	243.87	245.49	260.91

(Base: July 1, 1952=100).

MOODY'S

April 19	April 16	Month ago	Year ago
997.2	999.9	997.5	1113.2

(December 31, 1931=100)

DOW JONES

Dow Jones	April 19	April 16	Month ago	Year ago
Spot	125.69	128.15	134.55	407.91
Fut's	129.10	131.93	130.02	418.63

(Base: December 31 1974=100)

REUTERS

April 20	April 19	M'nth ago	Year ago
1599.0	1609.5	1592.5	1689.5

(Base: September 18, 1931=100)

COFFEE

Linked to a limit-down close in New York Robustas opened £20 lower, reports Drexel Burnham Lambert. Trade support inspired a short-lived recovery before additional commission house selling encountered thin markets. Short-covering into the close achieved a better finish in nears while forwards were neglected.

[illegible]

GAS OIL FUTURES

A weaker opening was followed by a rally to the highs on the strength of physicals. The market fell on continuing hopefulness about an agreement on the Falklands and signs of an easier physical market, reports Premier Man.

[illegible]

GRAINS

[illegible]

Business done—Wheat: May 119.70, 118.45, July 123.40-122.40, Sept 107.80 only, Nov 111.70-111.50, Jan no trades, March no trades. Sales: 428 lots of 100 tonnes. Barley: May 112.25-111.55, Sept 103.70-103.45, Nov 107.25 only, Jan no trades, March no trades. Sales: 47 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: [illegible]

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

The market opened lower and declined further. When New York opened slightly above the limit decline half the losses were recovered, reports C. Czarnikow.

[illegible]

LONDON DAILY PRICE—Raw sugar £129.00 (£135.00) a tonne cif April-May-June shipment. White sugar daily price £153.00 (£159.00).

POTATOES

LONDON POTATO FUTURES—Profit-taking after a steadier opening put all values lower, although most positions lifted off the lows towards the close, reports Coley and Harper.

[illegible]

RUBBER

The London physical market opened slightly steadier, attracted little interest [illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to 318 tonnes. [illegible]

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets. [illegible]

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

EUROPEAN MARKETS

[illegible]

GOLD

GOLD CONTINUED to weaken in the London bullion market yesterday, falling $5¼ to $342¼-$343¼. Trading was quiet, but remained nervous about the Falklands crisis. The market opened at $346-$347, the highest point touched during the day, and gold was fixed at $345.75 in the morning and $343.00 in the afternoon. It touched a low of $342-$343.

In Paris the 12½ kilo gold bar was fixed at FFr 69,200 per kilo ($345.09 per ounce) in the afternoon, compared with FFr 69,490 ($348.37) in the morning, and FFr 72,000 ($356.37) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 26,845 per kilo ($348 per ounce) against DM 27,820 ($358) previously, and closed at $344¼-$345¼, compared with $356¼-$357¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $346.50 per ounce, against $358.

In Zurich gold finished at $342-$345, compared with $355-$358.

LONDON FUTURES

[illegible]

Monday's closing prices

NEW YORK, April 19.

[illegible]

Sharp falls for U.S. chemicals groups

By Our New York Staff

THREE MAJOR U.S. chemicals companies report sharply lower first quarter earnings, reflecting the general slump in the chemical business as a result of the recession in the U.S. and in other Western markets.

The biggest earnings decline was reported by Union Carbide, whose profits tumbled 49 per cent to $90.8m or $1.32 a share from $178m or $2.64 a share in last year's first quarter. Sales declined 12 per cent from $2.63bn to $2.31bn.

The company said its businesses that serve the automotive, housing and steel industries were all hurt by the recession. But it noted that its battery products and oil and gas service businesses performed strongly during the quarter.

For its part, Monsanto reported a 16 per cent decline in first quarter profits to $147.5m from $176m in the same period last year. Sales were also down from $1.9bn in the first period of 1981 to $1.8bn.

Like other chemicals companies, Monsanto's chairman, Mr John Hanley echoed a familiar jingle when he said: "Our first quarter results reflect the continuing recessionary business environment around the world."

Major American Cyanamid, reported a 31 per cent decline in first quarter earnings to $38m or 79 cents a share from last year's level of $48m or $1 a share. Sales were 4.7 per cent decline to $845.5m from $887m.

Good start for N. Telecom

By Robert Gibbens in Montreal

NORTHERN Telecom, Canada's largest high technology group, raised its first quarter earnings this year to C$38.3m (U.S.$31.4m) or C$1.10 a share from C$23.4m or 68 cents a share in the same period a year ago. Sales were C$717.1m against C$583.8m.

The 1981 figure, however, includes a C$16m gain from the sale of its shares in Intersil. The strong performance in the first quarter of this year had been widely expected.

The company said that strong orders for digital switching systems brought its sales backlog to C$1.33bn at March 31, 46 per cent higher than the same date last year.

The long recession was affecting some of its other products, however, and it planned to monitor its business closely for any further signs of weakness.

Dow Chemical sees halt in downward business trend

BY PAUL BETTS IN NEW YORK

DOW CHEMICAL, the second largest U.S. chemical company after Du Pont, reported yesterday a 15 per cent decline in first quarter earnings. Profits dropped to $154m or 80 cents a share on sales of $2.78bn. Last year earnings were $180m or 98 cents a share on sales of $2.9bn.

Earlier this week, First quarter earnings this year also included a gain of $57m or 30 cents a share from the exchange of 4m shares of stock for Dow bonds with a face value of $137m.

Despite the decline in first quarter earnings, Dow claimed yesterday it was encouraged by its latest quarter. The company said the results were a substantial improvement on the last quarter of 1981 when the company earned $67m on sales of $2.99bn.

Mr Paul Oreffice, Dow's president, said he was pleased to see a halt in the sharp downward trend in business that began in the middle of last year. "We believe demand and prices are showing signs of stability and, in some cases, are improving slightly."

He noted that compared to the fourth quarter of last year, there have been gains in pricing, particularly in the U.S. Although Europe increased its prices in local currencies, this continued to be more than offset by the strength of the U.S. dollar.

The company said some speciality products showed good gains while the plastics business had also shown signs of volume improvement although prices remain depressed.

Although the general picture for Dow has improved, Mr Oreffice said "It is still nothing to write home about."

Citicorp earnings doubled in first period

By Our New York Staff

CITICORP, NEW York's largest bank, managed to raise earnings sharply in the first quarter of this year, but suffered a shrinkage in size as it strove to raise the quality of its assets.

Profits amounted to $199m, or $1.55 a share, more than double last year's first quarter result of $97m, or 77 cents a share. The comparison is a little misleading because the early months of 1981 found U.S. banks under pressure from high interest rates, and many performed badly, including Citicorp.

The boost came mainly from higher net interest revenue, which reached a record $803m due to the relaxation of U.S. interest rate ceilings and the more prudent funding policies adopted by the bank after it got badly burnt in 1980.

But efforts to strengthen the balance sheet resulted in a decline in assets. At the end of March, these totalled $117.2bn, down from $119.2bn at the end of 1981. Although a loss of assets is rare, this is viewed as a healthy sign given that the bank's return on assets doubled from 0.34 per cent in the first quarter of last year to 0.68 per cent this quarter.

● The financial troubles of Bank of America, the largest U.S. bank, continued in the first quarter of this year, though they were relieved to some extent by good results on its foreign business. Profits were up only modestly and the bank suffered a decline in total assets.

Earnings were $115.7m or 78 cents a share, up 3.4 per cent from $111.8m in the same quarter last year. But total assets declined from $121.2bn at the end of 1981 to $118.3bn at March 30.

Mr Sam Armacost, chairman, said the strong points of the bank's performance in the quarter were improved international results, and a slowing of personnel and other non-interest expense growth.

● Chase Manhattan, the large New York bank, reported profits of $116.2m or $3.24 a share, which was up 58 per cent on the same quarter a year before but down 24 per cent from the final quarter of last year, Chase's best ever.

The year-on-year improvement was due mainly to higher net interest income and fee and commission revenue. But against this, operating expenses and loan loss provisions were also higher.

Chase's assets totalled $79.5bn, up from $76.5bn at the end of 1981.

Bad quarter for Merrill Lynch

BY RICHARD LAMBERT IN NEW YORK

THE BIG U.S. stockbrokers are having a rough ride in 1982. Merrill Lynch, the industry leader, yesterday reported a sharp fall in its first quarter earnings from $45.2m to $30m.

Earlier this week, Shearson—now part of American Express—announced that its profits had fallen 29 per cent over the same period.

Explaining the setback Merrill said that results had been hit by a decline in commission revenues of 14 per cent, a narrowing of interest spreads and continued inflationary pressures on most operating expenses.

The fall in commission revenues largely reflected lower investment activity by individual investors. There had been a tendency for many investors to move on to the sidelines because of the unsettled economic climate and the rival pull of money funds.

However, there had been a sharp rise in government security trading while investment banking revenues had risen by more than two-fifths.

First quarter earnings come to 76 cents a share, down from $1.17 a year ago. The dividend is 32 cents per share rate in effect since the third quarter of 1981.

At least one broker is bucking the trend. Donald Lufkin and Jenrette, yesterday reported net income ahead from $2.4m to $3.4m in the first quarter. The gains arose mainly from investment banking, investment management, and trading in fixed income securities.

Tax lift at United Technologies

BY OUR NEW YORK STAFF

FIRST QUARTER earnings of $162.1m are reported by United Technologies, the U.S. high technology conglomerate which manufactures, among other things, Pratt and Whitney aircraft engines, Otis elevators and Sikorsky helicopters. But these figures include the cumulative effect of an accounting change for U.S. investment tax credits of $66.6m. Without this effect, net income was $95.5m, 16 per cent below the $113.6m of the first quarter of 1981.

Sales were also lower this year, down to $3.2bn from $3.3bn in 1981.

The company said that broad weakness of the U.S. economy and particularly the soft conditions of the commercial airline and semiconductor industries hit results in the latest quarter.

But Mr Harry Gray, chairman, said that a number of factors have boosted prospects. These include a $210m order for the company's fuel-efficient JT9D-7R4 engine by Singapore Airlines to power its new Boeing 747s in the largest commercial airline order for the first quarter, a significant

Goodyear Tire in reverse

BY OUR NEW YORK STAFF

A 19.6 per cent decline in first quarter profits to $45.6m or 63 cents a share from $56.7m or 78 cents a share in the same period last year is reported by Goodyear Tire and Rubber, the leading U.S. tyre company.

But the company said the decline was not as large as earlier company estimates, which had suggested a drop of as much as 25 per cent.

Sales in the period were 3.2 per cent lower at $2.15bn, compared with $2.22bn in 1981.

The company said first quarter sales in the U.S. were slightly higher than a year ago while earnings in the U.S. were up 21.5 per cent despite the recession and the low volume of U.S. automobile production. U.S. sales in the first quarter totalled $1.26bn while profits increased to $30.2m from $24.8m.

Foreign sales, however, declined 7.5 per cent to $885m while foreign earnings dropped 51.5 per cent to $15.4m.

Thomson shows £43.5m profit

By Our Financial Staff

INTERNATIONAL Thomson Organisation, the Canadian oil, gas, travel and publishing group, earned £43.5m (US$76.7m) from continuing operations in 1981. In 1980, earnings of £45.1m were struck after losses at Times Newspapers of £6.8m. Earnings after extraordinary losses, arising chiefly from the sale of Times Newspapers, were £19.7m in 1980. Sales moved up from £917.2m to £1.2bn in 1981.

Eurobonds for Canadian utility and Union Carbide

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THREE FIXED interest dollar bonds were launched in the Euromarket yesterday as prices picked up further in the wake of the stronger tone of the New York bond market.

First off the mark was a $150m seven-year issue for British Columbia Hydro led by Deutsche Bank. The bonds bear a 14¾ per cent coupon and have been priced at 99¾.

Later Morgan Stanley announced a $100m seven-year issue for Union Carbide, which also bears a 14¾ per cent coupon. The issue price will be fixed this morning but will not be less than 99¾.

Both bonds made a good start as investors appear more than willing to buy into good quality issues against a background of declining short-term interest rates. Six months Eurodollars fell yesterday to 15 per cent from 15¾ per cent on Monday.

The bond market expects action shortly to trim the U.S. budget deficit below $100bn and these expectations, coupled with signs of a deepening recession in the U.S., outweigh the negative impact on bond prices of last week's surge in U.S. money supply.

In the early evening a third bond, on a rather more complicated structure, was announced by Continental Illinois for Commercial Credit Finance, a wholly owned subsidiary of Control Data.

The borrower is raising an initial sum of $50m through a three-year 14¾ per cent bond issued at par. But each $1,000 bond will bear two warrants entitling the holder to purchase over the next four years into a five-year 15 per cent non-callable bond.

Continental bond markets were also firmer yesterday in sympathy with the New York market. No new public issues were announced in the West German and Swiss markets but the Dutch market Finland has launched a Fl 100m 10-year 10¾ per cent bond at par through Algemene Bank Nederland.

This morning should see the launch of a Fl 150m five-year bond for the World Bank through the same lead manager. Expected coupon is 10 per cent and issue price par.

The city of Sherbrooke in Quebec is raising C$12m through a five-year bond with a coupon of 17 per cent and issue price of par led by Kredietbank (Luxembourgeoise).

In Switzerland, the private placement for Georgia-Pacific has been increased to SwFr 120m from SwFr 80m and Credit Suisse is also leading a SwFr 20m five-year 7 per cent private placement for Hokushin Electric Works, guaranteed by Sumitomo Bank.

Honeywell forecasts downturn

BY OUR NEW YORK STAFF

DIFFICULT market conditions have had a major impact on earnings of several leading U.S. computer companies although earnings were in general above expectations.

Honeywell's first quarter operating net earnings increased $55.1m or $2.46 a share from $50.9m or $2.25 a share in last year's corresponding period. But the latest profit includes a $36m gain from the sale of Honeywell's interest in General Electric Information Services Company to GE.

Revenues totalled $1.26bn, compared with $1.21bn in 1981's first quarter.

The company said foreign currency weakness and sluggishness in major world economies continued to limit the growth of revenues and earnings. It attributed the first quarter earnings gain to better control over costs and expenses rather than to any improvement in basic market conditions.

Mr Edson Spencer, Honeywell's chairman, said earnings from ongoing operations declined as a result of a small operating loss in the information systems business.

Mr Spencer warns that second quarter earnings are likely to fall below the 1981 level of $3.15 a share because high interest rates continue to retard the general economic recovery.

Another major computer maker, NCR, reported an 11 per cent increase in first quarter net earnings to $30.6m or $1.14 a share from $27.6m or $1.02 a share the year before. Revenues rose 3 per cent, to $734.6m from $733m.

Tandy Corporation also reported an increase in profits. The manufacturer of consumer electronic products said third quarter earnings rose 30 per cent to $45.4m or 44 cents a share, from $34.9m or 34 cents a share. Sales were 15 per cent up at $477.6m from $408.3m.

Nine-month profits were $162m or $1.57 a share, against $115m or $1.12 a share previously, on sales of $1.53bn against $1.28bn.

David Lascelles looks at a $30m scandal that rocked the U.S. advertising industry

JWT still needs the skills of its image-builder

A ONE-TIME aberration" may seem something of an understatement for a $30m case that rocked a whole industry. But that is how top executives at JWT, the large U.S. advertising company, prefer to label the computer scandal that cost it millions in lost earnings and prompted it to shut down part of its business.

At a meeting with Wall Street analysts this week, JWT's first since the scandal broke, Mr Don Johnson, the chairman and chief executive, looking dapper and unruffled, preferred to dwell on the future rather than the past, predicting a healthy 20 per cent boost in revenues this year. But inevitably, the proceedings were overshadowed with questions as to how JWT could allow such a thing to happen, and how it would affect its business.

The fraud came to light in February when JWT reported that someone had been entering fictitious business dealings into its computer over a period of four years. The sum was put at $18m. But two days later JWT uncovered another $6.5m of entries, and then later another $5.5m.

The entries were made in JWT's television syndication unit which was engaged in distributing programme material to television stations, usually in exchange for advertising time which it "banked." JWT then made this stock of "ad time" available to its advertising clients—a form of barter which is not uncommon in the advertising industry. But the syndication unit was recording deals that had never been made. The unit was also buying television time outright without a ready client to use it, and granting broadcasting clients credits for unused time but not recording the cost as an expense.

JWT's report of the investigation continued: "The task of the investigative team was complicated by the fact that in late January 1982, Mrs Marie Luisi, then head of syndication and spot buying in J. Walter Thompson U.S., left the offices of the company and has been unavailable for questioning despite repeated requests to her lawyer."

The investigation later pinned responsibility on Mrs Luisi, and she was fired on March 31. She is still refusing to discuss the affair except through her lawyer.

Aside from the sheer drama, the affair raised serious questions about the internal controls at JWT and not surprisingly, the shareholders took fright. JWT's stock fell more than 20 per cent when the news came out. But clients did not leave in droves as some people feared. In fact, there have been no big account losses at all, a reflection of the forthright manner in which management tackled the trouble and JWT's success in containing the rot.

The message that Mr Johnson and his colleagues left with Wall Street was that the write-off of $30m did not actually involve any cash outlays. The company had simply spread the impact over the last four years and written profits for that period down accordingly. Most important, it would not affect the dividend. Steps are also being taken to ensure such a thing does not happen again.

Mr Steven Slawson, an analyst with Bear Stearns who attended the meeting, said yesterday that he thought management had handled the problem quite well, and the absence of client defections was encouraging. "But there's always a danger that if XYZ Corporation leaves JWT for other reasons in the next few months, people will ascribe it to the scandal," he said.

But the affair also aired a simmering row about television syndication, a practice which people in the broadcasting and advertising business believe poses conflicts of interest. An advertising agency which has banked large amounts of a television station's advertising time can exert a lot of leverage, and broadcasters, not surprisingly, resent this.

After the affair broke, JWT decided to pull out of the general time banking business. But it will continue to syndicate on behalf of individual clients or for cash.

The worst may be over for JWT. But it will have to tend its image carefully in the months ahead. Fortunately, it owns Hill and Knowlton, the largest public relations agency in the U.S., and presumably its own promotional skills will not come amiss.

NORTH AMERICAN QUARTERLY RESULTS

AMERICAN EXPRESS

	1982	1981
	$	$
First quarter		
Revenue	1.3bn	1.7bn
Net profits	118.0m	109.0m
Net per share	1.25	1.19

AMERICAN HOME PRODUCTS

	1982	1981
First quarter		
Revenue	1.11bn	1.05bn
Net profits	145.1m	127.5m
Net per share	0.93	0.81

AMOCO

	1982	1981
	$	$
First quarter		
Revenue	1.65bn	1.84bn
Net profits	17.7m	69.7m
Net per share	0.28	1.21

ARMSTRONG RUBBER

	1981-82	1980-81
	$	$
Second quarter		
Revenue	129.0m	146.3m
Net profits	3.98m	4.83m
Net per share	2.01	2.38
Six months		
Revenue	281.9m	256.2m
Net profits	7.69m	8.84m
Net per share	4.27	4.57

BENDIX CORPORATION

	1981-82	1980-81
	$	$
Second quarter		
Revenue	1.1bn	1.2bn
Net profits	37.5m	50.7m
Net per share	1.64	2.05
Six months		
Revenue	2.1bn	2.3bn
Net profits	81.2m	91.3m
Net per share	3.55	3.60

BOMBARDIER

	1981-82	1980-81
	$	$
Fourth quarter		
Revenue	154.5m	117.1m
Net profits	†13.90m	16.34m
Net per share	12.54	11.82
Year		
Revenue	394.3m	394.5m
Net profits	†18.48m	†5.77m
Net per share	13.39	11.39

† Loss

BURLINGTON NORTHERN

	1982	1981
	$	$
First quarter		
Revenue	1.15bn	1.22bn
Net profits	37.8m	80.0m
Net per share	0.95	2.33

CAP. CITIES COMMUNICATIONS

	1982	1981
	$	$
First quarter		
Revenue	149.4m	122.9m
Net profits	18.01m	16.35m
Net per share	1.37	1.25

CROSS & TRECKER

	1981-82	1980-81
	$	$
Second quarter		
Revenue	103.6m	102.5m
Net profits	10.8m	10.3m
Net per share	0.87	0.84
Six months		
Revenue	200.1m	197.9m
Net profits	20.4m	19.4m
Net per share	1.64	1.57

CROWN CORK & SEAL

	1982	1981
	$	$
First quarter		
Revenue	330.3m	334.0m
Net profits	10.29m	18.21m
Net per share	0.71	1.25

DIEBOLD INC.

	1982	1981
	$	$
First quarter		
Revenue	109.0m	90.4m
Net profits	10.77m	5.38m
Net per share	1.25	0.63

WALT DISNEY PRODUCTIONS

	1981-82	1980-81
	$	$
Second quarter		
Revenue	247.7m	215.1m
Net profits	21.65m	27.63m
Net per share	0.65	0.84
Six months		
Revenue	485.5m	436.6m
Net profits	39.05m	53.58m
Net per share	1.19	1.64

ENGELHARD CORPORATION

	1982	1981
	$	$
First quarter		
Revenue	438.0m	705.0m
Net profits	14.3m	15.1m
Net per share	0.53	0.55

FINANCIAL CORPN. OF AMERICA

	1982	1981
	$	$
First quarter		
Revenue	169.6m	83.8m
Net profits	7.82m	3.04m
Net per share	0.79	0.41

FIRST AMERICAN CORPN.

	1982	1981
	$	$
First quarter		
Net profits	18.51m	17.75m
Net per share	0.89	0.80

FLAGSHIP BANKS

	1982	1981
	$	$
First quarter		
Net profits	8.57m	6.5m
Net per share	0.81	0.69

GEORGIA-PACIFIC

	1982	1981
	$	$
First quarter		
Revenue	1.2bn	1.36bn
Net profits	160.0m	52.0m
Net per share	1.51	0.48

GOULDS PUMPS

	1982	1981
	$	$
First quarter		
Revenue	71.8m	73.2m
Net profits	5.8m	5.8m
Net per share	0.34	0.33

HEUBLEIN INC.

	1981-82	1980-81
	$	$
Third quarter		
Revenue	483.2m	481.4m
Net profits	20.6m	17.88m
Net per share	0.98	0.83
Nine months		
Revenue	1.59bn	1.52bn
Net profits	78.5m	67.2m
Net per share	3.61	3.13

IDEAL TOY

	1981-82	1980-81
	$	$
Fourth quarter		
Revenue	50.2m	54.9m
Net profits	6.74m	14.9m
Net per share	1.74	11.27
Year		
Revenue	216.6m	141.4m
Net profits	12.4m	116.4m
Net per share	3.21	14.00

† Loss

ILLINOIS TOOL WORKS

	1982	1981
	$	$
First quarter		
Revenue	113.2m	102.0m
Net profits	9.2m	11.2m
Net per share	0.76	0.91

JOSTENS INC.

	1982	1981
	$	$
Third quarter		
Revenue	87.6m	80.7m
Net profits	5.1m	4.56m
Net per share	0.40	0.36
Nine months		
Revenue	232.0m	209.7m
Net profits	11.62m	10.38m
Net per share	0.82	0.82

MARTIN MARIETTA

	1982	1981
	$	$
First quarter		
Revenue	784.5m	717.5m
Net profits	15.81m	39.72m
Net per share	0.44	1.06

MAYTAG COMPANY

	1982	1981
	$	$
First quarter		
Revenue	110.1m	114.8m
Net profits	9.3m	11.8m
Net per share	0.67	0.85

NEW YORK TIMES CO.

	1982	1981
	$	$
First quarter		
Revenue	225.9m	196.1m
Net profits	18.9m	12.12m
Net per share	1.51	0.98

OHIO EDISON

	1982	1981
	$	$
First quarter		
Revenue	381.2m	308.8m
Net profits	53.84m	46.73m
Net per share	0.58	0.56

PARKER HANNIFIN

	1981-82	1980-81
	$	$
Third quarter		
Revenue	281.0m	292.0m
Net profits	15.4m	14.2m
Net per share	0.62	0.61
Nine months		
Net profits	43.1m	34.9m
Net per share	1.73	1.53

PENNWALT CORPN.

	1982	1981
	$	$
First quarter		
Revenue	248.7m	287.8m
Net profits	9.35m	20.07m
Net per share	0.52	1.94

ROHM & HAAS

	1982	1981
	$	$
First quarter		
Revenue	475.2m	478.7m
Net profits	16.00m	31.79m
Net per share	1.24	2.46

SCOVILL INC.

	1982	1981
	$	$
First quarter		
Revenue	133.3m	202.0m
Net profits	1.39m	7.32m
Net per share	0.07	0.78

SEALED POWER

	1982	1981
	$	$
First quarter		
Revenue	115.8m	77.0m
Net profits	5.49m	4.30m
Net per share	0.90	0.89

STERLING DRUG

	1982	1981
	$	$
First quarter		
Revenue	444.7m	437.8m
Net profits	25.3m	30.8m
Net per share	0.49	0.51

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday May 19. Closing prices on April 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax Int. Fin. 16½ 92	75	101⅞	102⅛	+0¼		15.80
Anheuser-Busch 6½ 88	100	103¾	103⅞	+0¾		15.53
APS Fin. Co. 17¾ 86	60	105½	105⅝	+0⅝		15.33
APS Fin. Co. 16¼ 89	75	102⅞	103⅛	0		15.43
Armco O/S Fin. 15⅛ 86	50	99⅞	100⅛	+0⅛		15.25
ATT 14¼ 89	400	101⅛	102⅛			13.76
Baker Int. Fin. 0.0 92	225	25	25½			15.00
Bank Montreal 16¼ 91	150	103⅛	103⅜			15.50
Burroughs Int. 15⅛ 88	50	103⅛	103⅜			14.83
Canadair 15½ 87	150	101⅛	101⅞			14.98
Can. Nat. Rail 14¾ 91	100	98⅞	99⅜			14.78
Carolina Power 16½ 89	60	104⅜	105⅛			15.20
Caterpillar Fin. 16½ 86	100	102⅞	103⅛			15.44
CFMP 16¾ 96	100	101⅞	102⅛			16.30
CIBC 15 87	100	102⅛	103⅛			15.06
Citicorp O/S 15½ 97	125	101	101½			15.26
CNA 15⅞ 97	75	99	100			15.90
Cons.-Bathurst 17½ 89	60	102⅞	103⅛			16.68
Con. Illinois 15⅛ 89	100	102⅛	102⅝			15.14
Dupont O/S 14½ 88	400	100⅞	100⅜			14.32
Dupont O/S Cap. 0.0 90	300	34⅞	34⅞			14.55
ECSC 14¾ 87	50	98⅞	99	+0⅛		15.11
EIB 15½ 89	150	100¾	101⅛	+0⅛		15.26
Gen. Elec. Credit 0.0 92	400	27⅛	27⅞	+0⅛		13.99
Gen. Elec. Credit 0.0 93	400	24⅜	24⅞	−0⅞		13.98
GMAC O/S Fin. 16 88	150	102⅛	102⅞	0		15.31
GMAC O/S Fin 15⅝ 97	100	98⅞	98⅞	+0⅝		15.48
Gulf Canada Ltd 14⅞ 92	100	97⅞	98⅛	+0⅛		15.14
Gulf Oil 14½ 94	175	97⅞	98⅛	0		14.58
Gulf Oil Fin. 0.0 92	300	26⅛	26⅞	+0⅛		14.35
Inc.-Am. Dv. Bk. 15⅞ 87	55	99⅞		+0⅛		15.20
Japan Airlines 15⅞ 88	50	101⅛	101⅝	0		14.85
Japan Dev. Bk. 15½ 87	50	102⅛		+0⅛	+0⅛	14.62
Nat. West 14⅞ 91	100	100⅛		+0⅛	+0⅛	14.63
New Brunswick 16½ 89	75	103		+0⅛	+0⅞	15.42
New & Lab. Hy. 17½ 89	75	106		+0⅛	+0⅞	15.71
OKG 15⅛ 97	50	98½		+0⅛	+0⅞	15.92
Ontario Hyd. 16 91 (N)	200	103⅞		+0⅛	−0⅛	15.10
Pac. Gas & El. 15⅞ 89	80	103		+0⅛	+0⅞	14.90
Pac. Gas & El. 15½ 89	45	102⅛		+0⅛	+0⅞	14.77
J. C. Penney Gl. 0.0 94	350	20⅞		+0⅛	+0⅞	14.11
Quebec Prov. 15⅛ 89	150	100⅞		+0⅛	+0⅞	15.14
R.J. Rynlds. O/S 0.0 92	400	25⅞		+0⅛	+0⅞	14.63
Saskatchewan 16⅛ 88	150	103⅛		+0⅛	+0⅞	15.27
Saskatchewan 16 89	125	103⅛		+0⅛	+0⅞	15.18
Spain 15¾ 87	100			+0⅛	+0⅛	16.12
Statsforetag 15⅛ 87	50			+0⅛	−0⅛	15.68
Sweden 14½ 88	150	96⅛		+0⅛	0	15.48
Swed. Ex. Cred. 16½ 93	75	102		+0⅛	+0⅛	16.10
Swed. Ex. Cred. 15⅞ 89	100	99½		+0⅛	+0⅛	15.44
Swed. Ex. Cred. 0.0 94	200	20⅛		+0⅛	+0⅛	14.38
Texas Eastern 15⅞ 88	75	103⅛		+0⅛	+0⅛	15.06
Transcanada 16 89	100	102⅛		+0⅛	+0⅛	15.44
Wells Fargo I. F. 15 87	75	101⅛		+0⅛	+0⅛	14.67
WMC Fin. 15⅞ 88	50	99⅞		+0⅛	+0⅛	15.89
World Bank 15⅛ 88	250	101⅞		+0⅛	+0⅛	14.92

Average price changes... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9¼ 91	300	103⅞	104⅛	+0⅛	+0⅛	8.75
Australia 9¾ 91	200	103⅞	104⅛	0	+0⅛	8.70
Comp. Tel. Esp. 10¾ 92	100	100⅛	100⅞	−0⅛	−0⅛	10.43
Denmark 10 88	100	101⅞	101⅞	−0⅛	−0⅛	9.61
Denmark 10⅛ 92	100	101⅞	102⅛	0	+0⅛	9.81
EDF 9⅞ 92	100	101⅛	101⅞	+0⅛	+0⅛	9.67
EEC 10⅛ 93	100	104⅛	104⅞	+0⅛	+0⅛	9.47
EEC 9⅞ 94	100	102⅛	103	0	0	9.36
EIB 9⅞ 93		101⅞	102⅛	0	+0⅛	9.26
Inter-American 10 91		105⅞	106⅛	0	+0⅛	9.30
Ireland 10⅞ 86		102⅛	102⅞	+0⅛	+0⅞	9.41
Mexico 11 88		102⅛	103⅛	−0⅛	+1⅛	10.39
Mt. Bk. Dnmk. 10⅛ 91		102⅛	103	−0⅛	−0⅛	10.04
Nacol. Financiera 11 90		100⅛	100⅞	+0⅛	+0⅛	10.86
Nat. West 9⅞ 92		105⅛	106	−0⅛	−0⅛	8.97
New Zealand 9⅞ 89	200	104⅛	105⅛	0	−0⅛	8.78
OKB 8⅞ 86	150	102⅞	103⅛	+0⅛	−0⅞	9.08
Quebec 10⅛ 92	150	106⅛	106⅞	−0⅛	+1⅛	9.09
Quebec Hydro 10⅛ 91	150	105⅛	106⅛	−0⅛	−0⅛	9.30
Tauernautobahn 9⅞ 94	50	102⅛	102⅞	+0⅛	+0⅛	9.49
Venezuela 11⅞ 91	100	100⅞	101⅛	+0⅛	+0⅛	11.28
World Bank 9⅞ 91	100	101⅛	101⅞	+0⅛	+0⅛	9.24
World Bank 10 91	250	104⅛	105⅛	+0⅛	−0⅛	9.20

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	103⅛	103⅞	+0⅛	0	6.97
Asian Dev. Bank 8 92	80	104⅛	105	−0⅛	−0⅞	7.24
Australia 6⅞ 93	100	104⅛	104⅞	−0⅛	−0⅛	6.18
Australia 6⅞ 94	100	103⅛	103⅞	0	0	6.09
Belgelectric 7⅞ 91	80	102⅛	102⅞	+0⅛	−0⅞	7.13
Rot. de Autopistas 8 90	50	101	101⅛	+0⅛	+0⅛	7.81
CFE-Mexico 8⅛ 92	50	100⅛	100⅞	−0⅛	−0⅛	8.16
Co-op. Denmark 8⅛ 92	25	102⅛	102⅞	−1⅛	−1⅛	8.01
Crown Zellbach 6⅞ 92	100	102	102⅛	+0⅛	+0⅛	6.45
Denmark 7⅞ 92	100	102⅞	102⅞	+1⅞	+1⅞	8.33
EIB 7⅛ 92	100	102	102⅛	+0⅛	+0⅛	6.94
Elet. de France 7 92	100	101⅞	101⅞	−0⅛	−1⅛	6.81
FNEL 8 92	44	101⅛	101⅞	−0⅛	−0⅛	7.75
First City Fin. 8⅛ 92	25	101⅛	102⅛	−0⅛	−0⅛	7.95
Manitoba 7 92	100	105⅛	105⅞	+0⅛	−0⅛	6.21
National Pwr. Co. 8 92	30	103	103⅛	+0⅛	+0⅛	7.54
Nippon T and T. 6⅞ 92	100	103⅛	103⅛	0	+0⅛	6.15
OKB 7⅛ 92	100	103⅛	103⅞	−0⅛	−0⅞	7.22
Ost. Donaukraft 7 92	100	102⅛	102⅞	+1⅛	+1⅛	6.80
Ost. Kontroll 7 92	100	101⅞	101⅞	−0⅛	−0⅛	7.24
Philip Morris 6⅞ 92	100	103⅛	103⅞	+0⅛	+0⅛	6.18
Quebec 7⅛ 92	100	104⅛	104⅞	0	−0⅛	6.75
Soc. Lux. de Cnt. 8⅛ 92	80	104⅛	104⅞	+0⅛	0	7.38
Transcanada Pipe 7 94	100	103⅛	103⅞	−0⅛	0	6.59
Vorarlberg Kraft 6⅞ 92	50	101⅛	101⅞	−0⅛	−0⅛	6.56
World Bank 8 91	100	105⅛	105⅞	−0⅛	−0⅛	7.19

Average price changes .. On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	100⅛	101⅛	0	0	8.09
Int.-Amer. Dev. 8⅛ 91	15	101⅞	102⅛	0	+0⅛	8.49
Japan Airlines 7⅞ 87	5	97⅞	98⅛	+0⅛	+0⅛	8.38
New Zealand 8⅛ 87	15	100⅛	101⅛	0	0	8.69
World Bank 8⅛ 92	20	100⅛	100⅞	+0⅛	+0⅛	8.29

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Montreal 17 89 C$	50	†101½	102½	0	0	16.47
Nt. Bk. Can. 16½ 88 C$	60	†99	100	0	−0⅛	16.58
Pancanadian 16⅛ 88 C$	65	†98⅛	99	0	0	16.75
Queb. Hydro 16⅛ 89 C$	50	†97⅞	98⅛	−2	+3⅛	16.87
Tordom Cpn. 16⅛ 88 C$	25	†98⅞	99	0	+0⅛	16.79
Transalta 17 89 C$	50	†100⅛	100⅞	0	+0⅛	16.79
U. Bk. Nwy. 9½ 90 EUA	18	90⅛	91	0	−0⅞	11.35
Algemene Bk. 10⅛ 86 Fl	60	100⅛	101⅛	+0⅛	−0⅛	9.91
Amlas Group 12⅛ 86 Fl	40	104⅛	105	+0⅛	0	10.87
Amro Bank 12 86 Fl	75	105⅛	106	+0⅛	+0⅛	10.22
Amro Bank 12 86 Fl	60	105⅛	106	+0⅛	+0⅛	10.31
Pierson 10⅛ 86 Fl	50	99⅞	100⅛	+0⅛	−0⅛	10.23
Rabobank 12 86 Fl	50	105⅛	105⅞	−0⅛	−0⅛	10.28
OKB 14 86 FFr	400	90⅛	91⅛	0	+0⅛	17.45
Solvay et C 14⅛ 86 FFr	200	91⅛	92⅛	0	+0⅛	17.82
Acona 14 85 £	20	92⅛	93⅛	0	0	16.73
Beneficial 14⅛ 90 £	20	86	87	+0⅛	−0⅛	17.31
BNP 13⅛ 91 £	15	89⅛	90⅛	+0⅛	+0⅛	15.65
CECA 13⅛ 88 £	20	93⅛	94⅛	+0⅛	−0⅛	15.01
Fin. Ex. Cred. 13⅛ 86 £	15	93⅛	94⅛	0	−0⅛	15.89
Gen. Elec. Co. 12⅛ 89 £	50	91⅛	92⅛	0	−0⅛	14.45
Hiram Walker 14⅛ 86 £	25	96⅛	97⅛	+0⅛	+0⅛	15.40
Privatbanken 14⅛ 88 £	12	92⅛	93⅛	0	+0⅛	16.35
Quebec 15⅛ 87 £	35	99⅞	100⅞	−0⅛	+0⅛	15.37
Reed (Nd) NV 16⅛ 89 £	25	100⅛	101⅛	+0⅛	+0⅛	16.40
Royal Trustco 14 86 £	12	96½	97⅛	+0⅛	+0⅛	15.04
SDR France 15⅛ 92 £	30	97⅛	98⅛	0	+0⅛	15.93
Swed Ex. Cr 13⅛ 86 £	20	85⅛	86⅞	0	+0⅛	15.01
Eurofima 10⅛ 87 LuxFr	500	99⅛	100⅛	−0⅛	−0⅛	10.53
EIB 9⅛ 88 LuxFr	600	94⅛	95⅛	−0⅛	−0⅛	10.91

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	98⅛	98⅛	15/10	15.69	15.95
Bank of Montreal 5⅛ 91	0⅛	98⅞	99⅛	29/4	17.08	17.21
Bk of Tokyo 5⅛ 91 (D)	0⅛	98½	99	10/6	13⅛	13.42
Bank Nova Scotia 5⅛ 93	0⅛	99	99⅛	29/4	17.06	17.19
BFCE 5⅛ 88	0⅛	99⅛	99⅛	26/4	16.94	17.05
BFCE 5⅛ 87	0⅛	99½	100	27/7	16⅛	16.29
CCCE 5⅛ 2002	0⅛	98⅛	98⅛	11/6	14.82	15.02
Co-Ban Eurofin 5⅛ 91	0⅛	98⅛	99⅛	14/10	16	16.18
Credit Agricole 5⅛ 97	0⅛	99	99½	24/9	15.44	15.55
Credit Lyonnais 5⅛ 97	0⅛	99½	100	1/10	16	16.04
Credit Nat. 5⅛ 94	§0⅛	98½	99	9/6	14.69	14.87
Denmark, Kngdm of 92	0⅛	†99	99½	25/8	15.44	15.57
Den Norske Cred 5½ 93	0⅛	97⅛	98⅛	4/6	13.56	13.84
Genfinance 5⅛ 92	0⅛	99½	99⅛	30/6	15⅛	15.56
GZB 5⅛ 92	§0⅛	98⅛	99⅛	8/6	14.94	15.09
Ind. Bank Japan 5⅛ 88	0⅛	99⅛	99⅛	9/5	13.31	13.40
Lloyds Eurofin 5⅛ 93	§0⅛	99	99½	29/4	17.13	17.26
LTCB Japan 5⅛ 89	0⅛	99⅛	99⅛	16/7	15.31	15.41
Midland Int. Fin 9 91	0⅛	99⅛	99⅛	30/4	17.06	17.17
Nat. West Fin. 5⅛ 91	§0⅛	99⅛	99⅛	15/7	15.29	15.28
Nippon Credit 5⅛ 90	0⅛	99⅛	99⅛	10/8	16.06	16.15
Nordic Int. Fin 5⅛ 91	0⅛	98⅛	99	6/5	15⅛	15.82
Offshore Mining Fi 91	0⅛	98½	99	2/6	13	13.16
PKbanken 5 91	0⅛	98⅛	99⅛	17/6	14⅛	14.54
Sanwa Int Fin. 5⅛ 88	0⅛	†99	99⅛	24/9	15.31	15.43
Scotland Int 5⅛ 92	0⅛	98½	99	23/9	15⅛	15.57
Sec Pacific 5⅛ 91	0⅛	98⅛	99⅛	24/5	13⅛	13.37
Societe Generale 5⅛ 95	0⅛	99⅛	99⅛	1/9	15.31	15.41
Standard Chart 5⅛ 91	0⅛	98½	99	18/5	13.31	13.48
Sumitomo Fin 5½ 88	0⅛	99⅛	99⅛	9/8	16	16.06
Sweden 5⅛ 89	0⅛	98⅞	99⅛	28/8	15.31	15.45
Toronto Domin'n 5⅛ 92	0⅛	99½	100	11/8	16⅛	16.42

Average price changes .On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	89	90½	+4⅛	9.04
Bow Valley Inv 8 95	4/87	23.12	98	100	+0⅛	63.13
Bridgestone Tire 5½ 96	3/82	470	86	87⅛	+3	−1.20
Canon 6⅞ 95	1/81	829	79⅛	81⅛	+4⅛	17.02
Daiwa Secs 5⅛ 96	12/81	513.3	†61	63	+0½	−3.83
Fujitsu Fanuc 4¼ 96	10/81	5641	89⅛	91⅛	+5	28.26
Furukawa Elec. 5⅛ 96	7/81	300	88	89½	−0⅛	−4.10
Hanson O/S Fin 9⅛ 96	8/81	1.36	†76	78	−2	−10.48
Hitachi Cable 5⅛ 96	2/82	515	77⅛	79⅛	+5⅛	4.33
Hitachi Cred. Cpn. 5 96	7/81	1612	75	77	+1⅛	7.18
Honda Motor 5⅛ 97	3/82	841	82⅛	83⅛	+7⅛	9.21
Inchcape 8 95	2/81	4.55	†74	75	0	51.59
Kawasaki 5⅛ 96	9/81	229	66½	68	+0⅛	3.11
Marui 6 96	7/81	846.4	97⅛	99⅛	+2⅛	11.08
Minolta Camera 5 96	10/81	826.4	80⅛	82⅛	+2	33.66
Minorco 9⅛ 97	5/82	8.18	†85½	87	−1	11.79
Murata 5⅛ 96	7/81	2168	60	61½	+4⅛	44.77
NKK 6½ 96	7/81	188	78½	80	+1⅛	−17.41
Nippon Chemi-C 5 21	10/81	919	55	57	−0½	3.94
Nippon Electric 5⅛ 97	2/82	846	85⅛	87⅛	+6⅛	13.05
Orient Finance 5⅛ 97	3/82	1205	87⅛	89⅛	+4⅛	6.54
Sanyo Electric 5 96	10/81	652	63	64½	+2½	11.76
Sumitomo Elec. 5½ 97	3/82	577.3	84⅛	85⅛	+3⅛	8.62
Sumitomo Mat. 5⅛ 96	10/81	296.1	61½	63	−3⅛	17.68
Swiss Bk. Cpn. 6⅛ 90	9/80	191	72	74	0	17.43
Konishiroku 6 90 DM	2/82	585	98⅛	98⅛	+1⅛	8.89
Mitsubishi H 6 89 DM	2/82	263	95⅛	96⅛	+1⅛	19.17

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Montedison technology for Union Carbide

By James Buxton in Rome

MONTEDISON, the Italn chemical company, has sold to Union Carbide of the U.S. te world licence for its Catalyt process for making polyethylene. The agreement reverses the more common trend whereby Italian companies acquire U.S. technology under licence.

Montedison, which is based in Milan, began developing its own technology for high yield catalysts for making polyolefins towards the end of the 1960s. The company has patented a large number of processes.

For its part, Union Carbide, the third biggest chemical producer in the U.S. after Du Pont and Dow Chemical, has developed its own process for making polyethylene in the gas phase. The acquisition of the licence for the Montedison catalyst process will complement its own catalyst technology and strengthen its position in the market.

● Instituto Biochimico Italiano Giovanni Lorenzini (IBI), an Italian biochemical concern, has announced profits for 1981 of L1.1bn ($0.83m) on turnover up by 26 per cent to L71bn, AP-DJ reports from Milan.

Oerlikon-Buehrle reduces payment as profits slide

BY OUR FINANCIAL STAFF

A DRAMATIC collapse in profits has led Oerlikon-Buehrle, the Swiss weapons to footwear group, to cut its dividend for 1981.

Weak demand in the major weapons division coupled with rising development costs is the main reason for a decline in net profits which tumbled to SwFr 23.9m ($12.1m) from the SwFr 195.9m returned in 1980.

The result represents the second successive year of poor profits from Oerlikon and it has prompted the company to lop a third of its dividend. The payment is being cut from 15 per cent to 10 per cent.

Oerlikon warned in February that profits would fall following a decline in sales to SwFr ...9bn from SwFr 4.11bn. Even so the full extent of the setback—plus the harsh dividend news—has probably taken most shareholders by surprise.

The company has been hit by a severe downturn in demand in its weapons division, where sales tumbled by 23 per cent.

OERLIKON'S TRACK RECORD

	Net profit SwFrm	Dividend %
1975	120	12
1976	158	12
1977	205	14
1978	228	15
1979	244	15
1980	196	15
1981	24	10

Elsewhere, the uncertainty of business conditions has led to provisions of SwFr 20m which Oerlikon has taken against the accounts of its parent company.

The aim of these provisions is to allow for substantially increased business risks and for the unfavourable earnings prospects of the parent company likely for the current year, Oerlikon said yesterday.

In high vacuum and thin film products, welding technology and textiles, sales were either flat or modestly lower last year. There was rather more turnover buoyancy in anti-aircraft and fire control systems, shoes, property and hotels.

In a letter to shareholders earlier this year, the company explained that the outlook for 1982 was "laden with considerable uncertainties."

Krupp Stahl suffers net deficit

BY OUR FINANCIAL STAFF

KRUPP STAHL, the third largest West German steelmaker and part of the Krupp industrial group, suffered a net loss of DM ..2m ($46.4m) in 1981, and the deficit was confined to this amount only by extraordinary earnings, the company said.

It expects, however, to show a sharp improvement in the current year on the back of higher Common Market steel prices, further reorganisation and cost-cuts, though it foresees no rise in West German steel output after a fall of 5 per cent to 41.6m tonnes in 1981.

In 1980, Krupp Stahl broke even at the net level, though it reported an operating loss of DM 46m, with the last quarter of that year bringing losses at this level of DM 90m.

The 1981 loss was attributed by the supervisory board to higher raw materials and energy costs, which outweighed higher steel prices and the benefits of restructuring.

Plans were announced recently for Krupp Stahl and Estel-Hoesch Werke to merge a large part of their steel operations as a means of improving profits. The Estel group was established in 1972 by Hoogovens of the Netherlands and Hoesch, the second largest West German steelmaker, after Thyssen.

Krupp Stahl's turnover last year was down 1.5 per cent to DM 6.07bn ($2.5bn) from DM 6.16bn in 1980. Crude steel production fell by 8 per cent to 4.91m tonnes, and pig iron output declined 11 per cent to 3.09m tonnes.

Dutch shipping group sees decline

By Charles Batchelor in Amsterdam

VAN OMMEREN, the Dutch shipping group, achieved a practically unchanged profit in 1981 but expects a decline in the current year. It proposes a final 1981 dividend of Fl 2.50, taking its total payment to an unchanged Fl 3.50 per nominal share.

The company reported a 1981 net profit of Fl 91.2m ($34m) compared with Fl 92.4m in 1981. The marine and bulk storage divisions continued to make the largest contribution to profits, though the agency and transport division also improved its result. Profit per share fell to Fl 8.40 from Fl 8.92.

The marine and storage divisions are expected to show a fall in earnings this year because of a decline in both markets.

● Nijverdal Ten Cate, the Dutch textile group, which has been largely responsible for introducing board sailing into Western Europe, is to link up with a major U.S. manufacturer.

Ten Cate will take a 40 per cent stake in a newly founded company, Windsurfer International, Europe, with Windsurfing International of the U.S. taking the remaining shares. The new company will be based in Oldenzaal, in the eastern Netherlands.

Ten Cate holds a number of European licences to make and sell the Windsurfer sail board from the U.S. company, but has also begun developing boards under its own TC brand name. The decision to hive off the Windsurfer activities has been taken to maintain the separate character of the two lines.

● Nederlandsche Middenstandsbank (NMB) is to issue Fl 100m ($37m) of capital debentures to strengthen its asset base in line with the growth of business. The 20-year debentures will carry an 11 per cent coupon and repayments will be made in 20 annual instalments. Available in Fl 1,000 and Fl 5,000 denominations, the debentures will be listed on the Amsterdam Stock Exchange.

Borregaard lifts earnings and maintains dividend

BY FAY GJESTER IN OSLO

BORREGAARD, the Norwegian forest products, chemicals and foodstuffs group, increased sales and profits in 1981, but total return on capital employed fell to 9.6 per cent from 9.9 per cent in 1980. An unchanged 11 per cent dividend is recommended.

Total external sales reached Nkr 3.8bn, compared with Nkr 3.3bn in 1980, with exports accounting for 42.3 per cent of the total. Pre-tax profits, at Nkr 151m ($24.75m) were significantly better than expected, and higher than the Nkr 143.2m in 1980.

On the outlook for 1982, however, Borregaard is cautious, in view of the prolonged world recession, economic stagnation in Norway, and uncertainty about "when a change for the better will occur."

The annual report says the forest products sector did better. The market for the grades of cellulose Borregaard makes was well maintained, while the rise in value of the dollar increased export earnings.

The market for fine grades of paper was generally weak. One of the group's paper plants made a loss, for the second year running, but another, smaller mill continued profitably, partly owing to its wide range of specialities.

Chemical activities as a whole achieved a good profit increase, much of it earned by the sulphuric acid plant. In the speciality chemical section, lignin products were particularly successful. Results for edible fats and oils were down on the previous year, owing to falling prices and narrowing margins.

Among the products that Borregaard sells mainly in Norway, detergents and toiletries

Norway's major forest products, chemicals and food group, announced better than expected profits for 1981, but economic stagnation and the world recession have prompted uncertainty about the outlook for 1982

showed good progress. Results for foods, particularly fresh meat and meat products, were weaker however, mainly because of the steep rise last year in Norwegian meat prices.

The rayon staple fibre plant in Sarpsborg again made a considerable loss. Under an agreement with the state Industrial Development Fund, the group received NKr 9.7m to cover current losses during the second half of 1981, pending a survey of the plant's propects by independent consultants. The consultants' report recommended closing the plant.

It may be kept open up to 1986, however, because 400 jobs are involved. A plan for operation during this period involving investments totalling NKr 7... has been agreed between Borregaard, its employees, the Industrial Development Fund and the Norwegian Paper Industry Workers' Union. But it is conditional on the government agreeing to provide a NKr 40m subsidy.

Borregaard has a stake in North Sea petroleum production through its share in the Noco oil consortium, which is a partner on the Tor field. This activity again yielded a profit.

Borregaard and three other Norwegian industrial concerns (Norges, Hapshind and Dyno) has applied for shares in new licences for promising North Sea areas which the Norwegian Government is expected to award soon.

The group is carrying out major modernisation and expansion programmes, which will make it more competitive by increasing output capacity and productivity, saving energy and improving product quality. Total investment last year reached NKr 365m, compared with NKr 195m in 1980.

Fiat cautiously optimistic for 1982

BY OUR FINANCIAL STAFF

FIAT is cautiously optimistic about operations this year, according to Sig Vittorio Ghidella, the managing director. Sales abroad rose by 8 per cent last year despite shrinking markets for cars, he told a press conference called in advance of today's opening of the Turin motor show.

Fiat emerged from the crisis of three years ago to a leading position in European sales, with a 13.5 per cent market share "which it aims to hold this year."

Sig. Ghidella said collaboration agreements signed by other European car makers with Japanese producers, such as those between BL of the UK and Honda and between Alfa Romeo and Nissan were dangerous for the European industry. "European companies must protect their own interests," he said.

Japanese and U.S. pressure on European markets had, however, eased slightly for the time being and Fiat was well placed to fill the gap, Sig Ghidella added.

He confirmed the earlier statement by Sig Giovanni Agnelli, the chairman, that Fiat broke even in 1981, except for its South American operations, where sales fell by about 40 per cent. Fiat recorded a net loss of L130bn ($98m) in 1980.

Sig Ghidella expected European markets excluding Italy to remain stagnant in the current year, holding close to the average level of the past two years. Italy's car market, in which Fiat and its subsidiary, Lancia, have a 52 per cent market share, should continue to grow in 1982 for the third successive year. The market grew by 1.2 per cent in 1981 after a 19.7 per cent rise in 1980.

Mannesmann Demag orders increase

By Our Financial Staff

ORDERS received by Mannesmann Demag which is 90 per cent controlled by the Mannesmann engineering group, rose by 7 per cent to DM 3.73bn ($1.54bn) last year after a 15 per cent rise in 1980, Herr Hans Guenter Mueller, managing board chairman, told a Press conference.

Overseas orders were up 14 per cent in 1981 while domestic orders fell by 10 per cent. The foreign share of overall orders was a record 73 per cent.

Herr Mueller said new orders in the first three months of 1982 were down on a year ago at DM 830m, but added order inflow "can change sharply from quarter to quarter."

The company's order book now stands at DM 4.7bn.

Groth for WestLB Asia

AFTER-TAX profit of WestLB Asia advanced 41 per cent to HK$22.8m (US$3.91m) in 1981 from HK$15m in 1980, the bank's West German parent, Westdeutsche Landesbank Girozentrale (WestLB) reported.

The rise in WestLB Asia's earnings was ascribed to the expansion of the Hong Kong-based bank's business activities in the Southeast Asian area.

Total assets of WestLB Asia rose by almost ... per cent to HK$3.86bn at the year end from HK$2.8bn a year earlier. Credit volume expanded by 47 per cent to HK$2.73bn despite the bank showing considerable restraint in its international credit business, according to WestLB.

Despite expectations of reduced economic growth in many Southeast Asian countries, the offshoot is optimistic on business prospects for 1982.

AP-DJ

Bid for French telephone maker

By Our Financial Staff

SOCIETE Anonyme de Telecommunications (SAT) the French manufacturer of telecommunications equipment, has launched a bid for Silec, a company which specialises in telephone and power cables. SAT, which already owns 480,000 Silec shares, or 22.6 per cent of the company's capital, intends to acquire an additional 599,998 shares by offering two SAT shares for every seven Silec.

Money market boost for Kuwait investment bank

BY JAMES DORSEY IN KUWAIT

KUWAIT Foreign Trading Contracting and Investment Company (KFTCIC) reports a KD8.3m ($30m) net profit in 1981, compared to KD6m ($22m) in 1980. Total assets of the company grew by 101 per cent, according to the 1981 annual report, from KD299.6m ($1bn) in 1980 to KD601.6m.

KFTCIC's board has proposed a dividend of KD6m.

KFTCIC is the largest of Kuwait's three major investment banks, known in the market place as the "three K's." KFTCIC, like the Kuwait Investment Company (KIC) and the Kuwait International Investment Company (KIIC), has acquired a reputation for active participation in Euro-currency business. Unlike KIC and KIIC, KFTCIC is 80 per cent government-owned.

Last year witnessed a particular expansion in KFTCIC's money market activities. Customers' deposits amounted to KD457m in 1981 compared to KD225m the previous year. In an effort to intensify its activities in the field of marketable securities, KFTCIC lead managed three issues, co-lead managed four issues and co-managed 38 issues, the total nominal value of which amounted to KD753m ($2.71bn).

KFTCIC has also been active in direct investment and real estate. The company has stakes in the Bank of Bahrain and Kuwait, United Bank of Kuwait UK, the Arab Latin American Bank, the Banco Arabe Español and in various construction and investment companies and industrial ventures, mainly in the Arab world.

NZ food group in bid for part of Waitaki

By Dai Hayward in Wellington

WATTIE INDUSTRIES, the giant New Zealand food processing group has made a NZ$28.5m (U.S.$21.8m) bid for a 24.5 per cent stake in Waitaki NZ Refrigerating, the country's largest meat processing company.

The offer of 285 cents for each ordinary Waitaki share represents a 56 cent premium on Monday's closing price for Waitaki.

Waitaki NZ Refrigerating is a huge meat processing company owning several slaughterhouses.

The Waitaki board said it believed Watties offer was not generous and was considering opposing the move.

At its last balance sheet date of October 1981 Waitaki had an issued share capital of NZ$39.8m. About 40 per cent of the company's export lamb is pre-packed in New Zealand and Watties believe this would be a natural tie-in with its own world-wide processed foods exports.

Last week Watties reported a 21 per cent increase in first half profits.

Wah Kwong profit up 10%

BY ROBERT COTTRELL IN HONG KONG

WAH KWONG Shipping and Investment Company (Hong Kong) has reported consolidated net profits for 1981 of HK$ 144m (U.S.$ 24.8m), a 10 per cent increase over the previous year. A final dividend of 24 cents per share is proposed, making a total of 34 cents against an adjusted 30.9 cents.

The group took delivery of 10 newbuildings in 1981 and five in early 1982, while disposing of five older vessels last year. Contracts for five new ships were placed in 1981, to give the group a total tonnage of 2.73m tons deadweight on completion.

Mr Tsong-Yeo Chao, Wah Kwong's chairman, reports that the freight market was hit by recession from the second quarter of 1981 onwards, and bulk shipping sank into a depression similar to that seen in 1974-75. The tanker market has also been weak.

He sees little prospect of recovery this year in bulk dry cargo or tanker markets. Dry cargo shipping may bottom out in the next one to two years, while the tanker market will need several more years and substantial reductions in world tonnage before there can be any recovery.

Mahindra and Mahindra lifts earnings and payout

BY R. C. MURTHY IN BOMBAY

MAHINDRA AND MAHINDRA has registered a 23.5 per cent increase in net profits for 1981 despite inflationary pressures and stiff competition, and has lifted its dividend from 18 per cent to 20 per cent. Sales income rose by 33 per cent to Rs 2.63bn ($280m) from Rs 1.97bn and pre-tax profits rose by 28 per cent to Rs 176m.

Mahindra is a well-diversified company manufacturing Jeep-type four-wheel drive vehicles, tractors, steel products, electronic instruments and machine tools. The company has forecast higher sales for this year.

The board said in its review of the year that vehicle production has doubled in the last five years.

The company concluded an agreement last year with Peugeot of France for the phased manufacture of fuel-efficient diesel engines.

The company's Rs 758m modernisation programme has been approved by term financial institutions. A loan agreement for US$15m was signed with International Finance Corporation, Washington and another for £2.89m was signed with Grindlays Bank for an ECGD line of credit in December 1981.

Mahindra exported 4,400 vehicles and 79 tractors in the year, with the bulk of vehicle shipments to Iran. Export including local small-scale industry products earned Rs 200m.

The company's research and development division has designed a medium sized truck and a 40 hp tractor. It has also commissioned a research project for improving the fuel transmission system and chassis of Jeep vehicles.

WORLD STOCK MARKETS

NEW YORK

[illegible]

Dow off 1.14 at midsession

STOCK PRICES remained easier at midsession, reflecting market concern over the Falklands crisis and over negotiations between the White House and Congress on a Federal Budget compromise.

The Dow Jones Industrial average was off 1.14 at 844.94 on volume of 39.07m shares (43.5m). The NYSE All Common Index was 20 cents lower at $67.

Analysts said the market's decline was moderated by a drop in the Fed funds overnight rate to 14¼ per cent from 14¾ per cent. As a result, Banking, Utility and other interest-rate-sensitive stocks were steadier.

A strengthening yen also caused gains in the Japanese stocks, with Matsushita up $2⅛ to $39⅞, Honda Motor $2¼ to $29, Sony $⅝ to $14 and Hitachi $1½ to $24.

Active Citibank rose ⅜ to $28¾ and Diebold jumped $2⅞ to $60⅞. Both reported higher earnings.

Chock Full O' Nuts rose ⅞ to $13⅞. An investment group headed by Mr Jerry Finkelstein bought 6.1 per cent of its stock and may seek management changes.

THE AMERICAN SE Market Value Index was off 0.77 at 273.23. Armatron rose ⅞ to $5½ after reporting higher earnings.

Canada

Stocks were lower at midsession. The Composite Index eased 3.3 points to 1,601.3 on volume of 1.8m shares. Eight of the 14 indices were down.

Cominco, off C$1 at C$40¼, reported a first-quarter loss of 92c a share, compared to an 84c profit in the same period a year ago.

Northern Telecom, unchanged at C$54½, said its first-quarter earnings were higher but it had seen some signs of weakness in its businesses.

Among the bigger changes, Mitel fell C$1⅝ to C$20, First City Financial rose C$1 to C$19½, Pine Point Mines fell C$1½ to C$33, and Phoenix Canada Oil eased ⅛ to C$12⅞.

Among the indices, Metals dipped 6.9 to 1,415.7, Golds dropped 12.5 to 2,302.4, Oil and Gas was down 12.3 to 2,784.8 and Pipelines dropped 21.4 to 1,656.9.

Closing prices for North America were not available for this edition.

Germany

Leading shares improved in moderate trading as foreign buyers returned to the market. The Commerzbank Index added 6.4 at 721.8, but many shares finished off their highs as trading quietened in the last hour.

Banks firmed. Deutsche rose DM 2.40 to 286.50, Commerzbank DM 3.30 to DM 153 and Dresdner DM 3 to DM 166.

Chemicals were also in demand, with BASF closing DM 0.40 higher at DM 137.20, Bayer DM 0.60 at DM 127 and Hoechst DM 1.20 at DM 126.70.

In higher Motors, BMW added DM 3.50 at DM 210, Daimler DM 2.90 at DM 281.80 and VW DM 2.30 at DM 144.50.

Among Engineers, Linde rose DM 5 to DM 287 and MAN DM 4.50 to DM 169.

Preussag finished up DM 3 at DM 202.20 after early unconfirmed rumours over a sharply higher dividend payment on 1981 results, following last year's DM 6 payout. Metallgesellschaft closed unchanged at DM 213 after opening DM 5 lower.

Paris

Prices were mixed in moderate trading with no clear trend affecting the market. Banks were steady and Motors slightly easier.

In mixed Foods, Beghin Say fell FFr 5 to FFr 210 while in Motors Valeo declined FFr 3 to FFr 237.

In mixed Electricals, Matra fell FFr 42 to FFr 1,280 but Radiotechnique rose FFr 16 to FFr 310.

Foreigns fell, with the exception of Japanese which were firm.

Milan

Prices closed mixed in nervous and volatile trading, with losses outnumbering gains on deepening domestic political uncertainties.

Banks, Insurances and Financials tended easier, with Bastogi losing L6 at L172, Generali off L1,000 at L143,800 and Mediobanca L800 down at L72,900. Centrale gained L16 against the trend. In Industrials, Olivetti, Miralanza, Italgas, Italcementi and Mondadori lost ground but Fiat, both Pirellis and Snia Viscosa held early gains while Montedison closed fractionally firmer at L125.5 (L125).

Tokyo

Prices rose sharply in light trading as buying interest was revived by the yen's recovery against the dollar, the overnight dip in U.S. interest rates and Wall Street's steady tone.

The Nikkei Dow average added 122.94 at 7,258.15, on volume of 310m shares (200m). The Stock Exchange index was up 8.21 at 532.17.

Market leaders set the pace, followed by Steels, Light Electricals, Shipbuilders and Machine Makers, but Properties weakened.

Matsushita added Y55 at Y970, Sony Y110 at Y3,430 and Honda Y54 at Y710, but Seiyu Store ended unchanged after announcing a slight income gain in its results.

Hitachi, Toshiba and Mitsubishi Electrical firmed and Nippon Steel rose Y3 to Y159.

Australia

Prices closed at their highs on news of Britain's unfavourable reaction to the U.S. peace plan for the Falklands crisis. The All Ordinaries reversed an early fall to close 1.4 up at 477.4.

Resource stocks fell in early trade after a sharp drop in gold prices abroad but rallied later.

In leading Miners, CRA rose 5 cents to A$2.73, Western Mining 2 cents to A$3.62, Bougainville 1 cent to A$1.24 and Oakbridge 5 cents to A$1.15.

BHP gained 8 cents to A$7.48. ANZ was 2 cents higher at A$3.87, Bank of NSW was steady at A$2.68 and National was up 2 cents at A$2.50. Myer Emporium was 3 cents higher at A$1.29 and Woolworth was unchanged at A$1.64.

Singapore

Share prices closed higher on some buying interest in selective moderate trading with higher Hong Kong market advices aiding sentiment.

Fraser and Neave rose 20 cents to S$6.70, Straits Trading 20 cents to S$9.85, United Motor Works 15 cents to S$5.35, Transmarco 15 cents to S$1.91, Hong Leong Finance 10 cents to S$7.40 and Overseas Union Bank 15 cents to S$5.40.

The Straits Times Index rose 6.90 points to 755.45.

Hong Kong

Stocks closed higher on sporadic late buying, after prices had held steady in the morning in line with Wall Street. Trading was subdued ahead of today's Queen's Birthday market holiday.

The Hang Seng Index added 13.12 points at 1,193.77, with leaders, most actively traded, accounting for most of the rise.

Among leaders, Cheung Kong closed up 20 cents at HK$15.80, as did HK Bank at HK$11. HK Land rose 5 cents to HK$6.70, HK Wharf 10 cents to HK$4.55, Hutchison Whampoa 30 cents to HK$14.70, Jardine Matheson 20 cents to HK$16.70 and Swire Pacific "A" 10 cents to HK$10.40.

Elsewhere, Carrian Investment gained 2.5 cents at HK$4.05, New World 5 cents at HK$4, Sun Hung Kai Properties 10 cents at HK$6.20, Tai Cheung 2.5 cents at HK$2.20 and Sino Land 1 cent at 68 cents.

Johannesburg

Gold shares closed quietly steady at their day's lows in line with the bullion price.

Heavyweights lost up to R1.75, as in President Brand at R32.25, while Producers priced at R20 and lower shed between 5 and 25 cents. Other Minings and Financials eased in sympathy.

CANADA

[illegible]

BELGIUM (continued)

[illegible]

HOLLAND

[illegible]

AUSTRALIA

[illegible]

JAPAN (continued)

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

SWEDEN

[illegible]

SOUTH AFRICA

[illegible]

GERMANY

[illegible]

JAPAN

[illegible]

AUSTRIA

[illegible]

SWITZERLAND

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

BRAZIL

[illegible]

Financial Rand US$0.77¼ (Discount of 18½%)

Indices

NEW YORK —DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

NY. S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

(**) Set April 3 Japan Dow 7,333.32. TSE 539.69.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON STOCK EXCHANGE

Gilts and equities firm again but close below best awaiting developments on Falkland Islands dispute

Account Dealing Dates

Option First Dealings	Declara-tions	Last Dealings	Account Day
*First Mar 29	Apr 15	Apr 16	Apr 26
Apr 19	Apr 28	Apr 29	May 10
Apr 30	May 13	May 14	May 24

* "New time" dealings may take place from 9.30 am two business days earlier.

The overnight signs of new-found confidence in London stock markets tended to fade as yesterday's trading session progressed. Leading equities closed below the best after extending Monday's late advance by a useful margin and Gilt-edged securities also failed to hold best levels.

An air of uncertainty prevailed at the opening following the cool reception given to Argentina's latest peace plan, but conditions soon brightened as occasional buyers began to show selective interest in leading shares.

In current thin markets, demand met with a ready response and a minor improvement in the FT 30-share index at 10 am was extended over the next three hours to 5.9. This proved to be the best of the day, the index drifting back to close 4.5 up on balance at 562.6 as the market became apprehensive awaiting yesterday's Cabinet response to the Argentine peace formula. Glaxo, up 18 at 621p on a revival of demand which found the market short of stock, featured the day's dealings in the leaders.

Overall, trading conditions remained quiet but selective support was also forthcoming for secondary equities, while company trading statements created more interest than of late.

Gilt-edged securities opened higher following Monday's late upsurge and, encouraged further by the firmer trend in sterling against the dollar and some easing in money market rates, long-dated stocks improved by around ¾ more with buyers showing fresh interest. Profit-taking in yesterday's late dealings left prices a fraction below the best, but the Government Securities index rose 0.39 for a two-day gain of 0.95 to 67.45.

Discount Houses good

Discount Houses advanced strongly in sympathy with firm gilts. Union jumped 20 to 430p and Cater Allen 15 to 325p, while Alexanders, 218p, and Gerrard and National, 258p, gained 13 apiece. Clive put on 5 to 30p and Smith St. Aubyn 3 to 40p. The major clearing banks extended Monday's late rally but closed well below the day's best. Following the AGM, NatWest touched 422p before finishing a net 8 up at 418p, while Midland put on 6 to 318p, after 322p. A dull market of late on disappointing annual figures, Bank of Scotland picked up 10 to 405p. Renewed speculative support on continuing bid hopes helped Grindlays to harden 2 more at 180p, after 182p.

Insurances contributed to the firm trend. Hambro Life were active and 9 higher at 294p, while Stewart Wrightson rose 8 to 234p as did Willis Faber, 465p. Royals featured Composites with an improvement of 10 to 340p.

The Building sector featured Tilbury Group, which jumped 40 to 380p on the return to profitability, increased dividend and capital reorganisation proposals which will result in an equivalent share price of about 63p. The more optimistic outlook for housebuilders encouraged revived support for Barratt Developments, which gained 5 to 271p, and George Wimpey, up 3 at 107p. Among Timber issues, Magnet and Southerns put on 6 to 160p and J. Carr (Doncaster) 3 to 79p. Other firm spots included UBM, 4 better at 54p, and Ruberoid, 5 up at 141p.

ICI touched 324p before drifting off to close only 2 dearer on balance at 322p. Demand in front of tomorrow's preliminary results left Laporte 3 up at 144p, while Coalite, a nervous market of late on the company's interests in the Falkland Islands, rallied 6 to 116p. Coates Brothers A improved 4 to 73p and Hickson and Welch 7 to 230p.

Menzies advance

Proceedings in Stores were featured by newsagents John Menzies which advanced 17 to 253p in active trading following the increased dividend and 23 per cent jump in preliminary earnings. Lonsdale Universal, for which Menzies launched a dawn raid and subsequent offer of 60p per share on Monday, added a couple of pence more to 68p; Mr Robert Maxwell's British Printing and Communication, which acquired a 6.5 per cent stake in Lonsdale on Monday, firmed 3 to 41p.

Elsewhere, Harris Queensway attracted strong support awaiting today's preliminary results and closed 10 higher at 152p. Foster Brothers Clothing continued to draw strength from the recent sale of subsidiaries and sale-and-leaseback deal and added 5 more to 60p, while talk of a broker's circular lifted Dixons Photographic 8 to 173p. Revived speculative demand aided Mr Asil Nadir's trio; Cornell Dresses rose 6 to 173p, Polly Peck 7 to 332p and Wearwell 3 to 67p.

The leaders held up well, sentiment helped by the encouraging retail sales figures. Gussies A rose 5 to 488p, while Marks and Spencer firmed a couple of pence to 149p.

The group's £250m South African turbine generator contract induced fresh support for GEC which improved to 829p before closing 6 up for a two-day gain of 18 at 823p. Other Electrical leaders, with the exception of Plessey, down a few pence at 370p, made progress in moderate trading. Still reflecting reports that the company's advanced electronic exchange System X had attracted its first export order, Standard Telephones and Cables added 11 more to 533p, while investment buying lifted Cable and Wireless 7 to 246p. Improvements of between 10 and 15 were seen in MK, 300p, AB Electronics, 135p, and Kode International, 265p, while renewed demand in a thin market prompted a further rise of 7 to 225p in Lec Refrigeration.

Haden became a notable firm feature in Engineerings, rising 12 to 207p on buying in anticipation of today's preliminary results. Support was also forthcoming for Matthew Hall, 205p, and for Davy Corporation, 142p, up 8 and 7 respectively, while Glynwed put on 4½ to 118p. Babcock International improved 4 to 111p and Green's Economiser, on the results, hardened 2 to 148p. Spirax-Sarco Engineering on 3 for a two-day jump of 9 to 23p following the 20p cash counter-offer from Lafarge Securities. Awaiting today's annual figures, Hawker hardened 2 to 302p. Tubes put on 4 to 140p and GKN 2 to 160p. Vickers were quoted at 15p ex the rights issue, with the new nil-paid shares opening at 15p premium and closing at 17p premium.

Food Retailers made a particularly good showing. J. Sainsbury rising 20 to 590p and Kwik Save 6 to 248p; both companies' annual results are due early next month. Associated Dairies also added 6, to 130p, while Bejam gained 5 to 119p. William Low dipped to 196p before closing a net 2 cheaper at 198p on the one-for-three rights issue proposal at 145p that accompanied the interim results. Elsewhere, renewed support lifted Associated British Foods 8 to 134p and Northern Foods 4 to 184p. Rowntree Mackintosh touched 172p before settling only a couple of pence dearer on balance at 168p following the chairman's review. Somportex, a thin market, attracted support and put on 20 to 100p.

Glaxo feature

The miscellaneous industrial leaders extended Monday's late rally pending the next moves in the Falkland Islands crisis. Glaxo were the pick of the bunch, jumping 18 to a 1982 peak of 621p on buying in a market none-too-well supplied with stock; sentiment here was still buoyed by the recent good interim results and the profit potential of the group's Zantac drug. Pilkington moved up 13 to 253p and Metal Box 158p, and Reckitt and Colman, 284p, gained 10 apiece. Elsewhere, Dentsply 9 per cent Convertible was hoisted 21½ points to £86 on the proposed early repayment of the stock at £90 per cent.

Johnson Matthey gained 9 to 257p in response to Press comment and EET added 3 at 176p for a similar reason. Bodycote advanced 4 to 58p following the results, while revived bid hopes lifted Chubb 7 to 121p. Sothebys rallied 10 more to 318p and Hepworth Ceramic 5 to 118p. Standing 8 firmer immediately ahead of the results, Smiths Industries reacted on them and the accompanying cautious statement to finish 7 down on balance at 338p. Channel Tunnel, at 128p, lost 20 of the previous day's jump of 53.

Motor Distributors took up a firmer stance. Western Motor, in a thin market, rose 5 to 60p in front of today's full-year results, while Harold Perry firmed a couple of pence to 103p following the preliminary figures.

Printers Websters jumped 4½ to a 1982 peak of 42½p following the increased preliminary profits and dividend. Bunzl Pulp added 4 to 174p, while support was also forthcoming for Cradley Printing, a penny dearer at 19p.

Oils edge higher

Properties were indecisive. Land Securities hardened a penny to 285p, but MEPC softened that much to 202p. Capital and Counties, up 6 on Monday on renewed speculative interest, added a penny more to 131p, while Slough Estates and Stock Conversion improved 3 apiece to 129p and 315p respectively. Hardanger Properties, dealt in the Unlisted Securities Market, met revived support and put on 7 to a 1982 peak of 125p, but Control Securities shed 1½ to 35½p on lack of interest. Cussins Property hardened a penny to 91p awaiting today's preliminary results.

Leading Oils took the previous day's late improvement a stage further, Shell adding 4 for a two-day gain of 12 to 390p. After Monday's rise of 14, British Petroleum touched 302p before drifting off to close unchanged at 300p. Elsewhere, Ultramar put on 14 to 405p in response to the chairman's annual review, while Charterhouse gained 4 to 77p following an appraisal of the company's oil and gas interests. Renewed demand in a thin market lifted KCA International 8 to 95p, after 97p, while Berkeley Exploration put on 10 to 260p and Oil and Gas Production 5 to 41p. Hamilton eased to 89p before closing a penny cheaper on balance at 90p following the preliminary results. Charterhouse Petroleum's decision not to proceed with its offer for CCP North Sea, thus leaving the way clear for Tricentrol's £15.6m bid for the company, left CCP 7 up at 202p.

General and Commercial Investment Trust, the subject of agreed offer from Refuge Assurance, advanced 13 to 245p following a rival offer worth £15.3m from Britannia Arrow, a couple of pence off at 40½p. Refuge, which stated that it will not increase its offer, rose 10 to 228p. Elsewhere in Financials, money brokers attracted renewed support and Mercantile House closed 15 to the good at 390p. Exco, 190p, Mills and Allen, 495p, and R. P. Martin, 300p, all added 5. Wellbeck firmed 3 to 36p and Lamont gained the turn to 17p following the respective preliminary results.

Golds down again

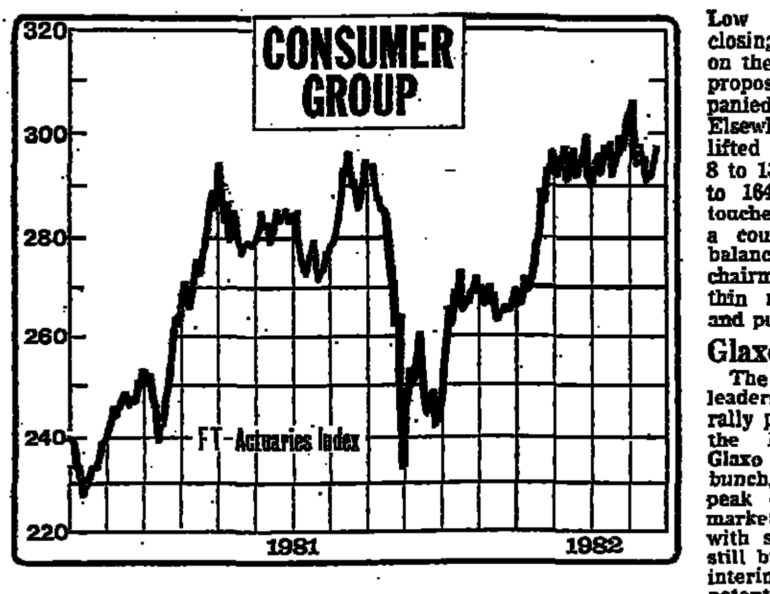
Heavy losses in the bullion price and gold shares in overnight American markets, which reflected hopes of a diplomatic settlement of the Falkland Islands crisis, led to further falls in the bullion price and gold shares in London yesterday.

The sharemarket opened on a weak note and drifted lower in subdued trading as the metal price fell a further $5.25 to $342.75 an ounce. The Gold Mines index dropped 7.7 more to 247.5, a fall of 19.4 over the past four trading days.

Heavyweights fell by up to 3, as in Buffels, £14¾, while losses of ¾ were common to Randfontein, £24¾, and Western Deep, £13¾. Medium and lower-priced issues showed Durban Deep ¾ lower at 734p and East Rand Proprietary 21 off at 433p.

London Financials moved ahead, boosted by the gains in UK equities. Rio Tinto-Zinc continued to attract sizeable investment support and advanced 6 for a three-day rise of 19 to 438p.

Demand for Traded Options improved substantially and 2,110 deals were arranged. Calls totalled 1,846 with a considerable amount of money directed towards the soon-to-expire April series. British Petroleum attracted 309 calls, with the April 280s and 300s accounting for 111 and 155 trades respectively. Imperial remained to the fore with 334 calls transacted, 145 done in the May 90s and 140 in the August 100s. ICI and Courtaulds recorded 119 and 117 trades respectively. Puts were relatively subdued with only 264 deals struck.



FINANCIAL TIMES STOCK INDICES

	April 20	April 19	April 16	April 15	April 14	April 13	A year ago
Government Secs	67.45	67.06	66.50	66.59	66.90	66.70	69.44
Fixed Interest	67.75	67.40	67.56	67.56	67.53	67.33	71.15
Industrial Ord	562.6	558.1	550.7	544.6	554.6	561.9	566.1
Gold Mines	247.5	255.2	265.5	266.9	257.2	256.6	358.9
Ord. Div. Yield	5.56	5.60	5.69	5.75	5.64	5.67	5.81
Earnings, Yld.% (full)	11.12	11.21	11.38	11.48	11.28	11.35	11.34
P/E Ratio (net) (*)	11.29	11.19	11.02	10.90	11.09	11.03	11.04
Total bargains	15,476	13,979	16,504	15,615	14,005	15,556	22,920
Equity turnover £m	—	77.50	115.90	119.17	84.08	95.03	134.93
Equity bargains	—	9,393	12,487	11,019	9,821	10,456	18,296

10 am 558.6. 11 am 562.8. Noon 564.4. 1 pm 565.0. 2 pm 565.0. 3 pm 563.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.43.

HIGHS AND LOWS / S.E. ACTIVITY

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low		April 19	April 16
Govt. Secs.	69.55 (22/3)	61.69 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	130.7	149.0
Fixed Int.	69.74 (2/4)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	60.9	80.9
Ind. Ord.	579.8 (31/3)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)	Value	156.2	230.2
Gold Mines	302.0 (5/1)	209.2 (9/3)	558.9 (22/9/80)	43.5 (26/10/71)	5-day Avrge. Gilt Edged Bargains	146.6	153.3
					Equities Bargains	69.0	71.5
					Value	197.0	305.9

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or —	Div. or amount	Times Covered	Gross Yield	P/E Ratio
140	F.P.	14/5	146	140	AIM Group 10p	145	......	bd6.75	1.9	6.7	15.1
142	F.P.	20/3	212	186	Amersham	200	+7	b3.5	2.4	2.5	16.1
15	F.P.	15/4	28	19	Cambrian & Gen.7½p	28	......	—	—	—	—
‡102	F.P.	—	135	122	Dew (George)	124	......	g5.7	4.0	6.6	5.5
—	F.P.	—	25	21	Fleet Holdings 20p	22	......	—	—	—	—
—	F.P.	—	39	27	Greenfriar Warrants	39	......	—	—	—	—
§250	F.P.	14/3	250	250	✣Io Technology	252	......	—	—	—	—
¶99	F.P.	5/5	93	89	✣Imm. Bus. Sys. 10p	89	......	—	—	—	—
‡‡	F.P.	—	275	267	✣Jebsens Drilling	268	......	b17.5	3.3	9.3	6.7
§120	F.P.	7/5	134	123	✣Leisure Inds.	123	+1	b5.0	2.8	5.8	8.6
§130	F.P.	16/4	170	137	✣Oceonics 10p	160	......	bd1.5	4.7	1.3	17.1
‡‡	F.P.	—	30	30	Osprey Assets	30	......	F1.4	—	6.7	—
¶¶	F.P.	—	42	39	P. H. Industrials	40	......	b3.5	1.8	12.5	6.3
136	F.P.	13/5	141	135	Standard Secs.	135	......	b2.8	1.2	3.0	40.5
¶¶	F.P.	—	90	70	Zambia Cons Cpr 10K	70	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or —
100	F.P.	14/4	116	110	Boddingtons Brew 9½% Cnv. Ln. 2000-05	111	......
¶100	£10	24/6	10½	10½	Bristol Water 9% Pref.	10½	......
§99.393	£25	14/7	25	21½	Cred. Foncier de France 14½% Lon. 2007	22¼	......
¶¶	F.P.	—	136	136	First Nat. 12½pc Conv. Uns. Ln. 1987	136	......
100	F.P.	22/3	103	97	Hunting Pet. 10% Cnv. Ln. 1997	97	......
¶99	F.P.	29/4	101½	101½	Lee Valley 9½% Red. Prf. 1989	100½	......
‡100	F.P.	—	100⅛	99⅝	Nationwide Bdg. Soc. 14¼% (14/3/83)	99¾	......
‡100	F.P.	—	100⅛	99⅝	Do. 14¼% (4/4/83)	99⅞	+⅛
‡100	F.P.	—	100¼	100	Do. 14¼% (25/4/83)	100¼	+⅛
ǁ107	Nil	29/4	5pm	1½pm	Queens Moat 10% Cnv. '89-91	3pm	......
¶¶	F.P.	16/4	102½p	100p	Ropners 11½% Cum. Prf	102p	......
8.53	£20	20/5	25½	19¾	Trans-Canad Pipelines 16½% Notes 2007	22¼	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or —
10	Nil	27/4	28/5	2½pm	1½pm	Anabacher (H.) 5p	2½pm	+¼
125	F.P.	21/4	28/5	146	135	Beazer (C. H.) 10p	139	+4
A$1	Nil	—	—	6½pm	3½pm	Bond Corp.	6pm	......
70	F.P.	16/3	19/4	108	73	✣Clyde Petroleum	98	+1
30	F.P.	29/3	10/5	60	50	First Castle 10p	54	+1
20	Nil	30/4	28/5	19pm	14pm	Fisher (A.)	19pm	+3
5	Nil	—	—	5½pm	3½pm	Grovebell (5p)	4½pm	......
160	F.P.	22/3	29/4	188	164	Hunting Pet. Services	182	......
120	Nil	—	—	29pm	24pm	Lilley (F.J.C.)	29pm	+2
A$2.25	Nil	22/3	29/4	31pm	12pm	M.I.M.	31pm	+1
18	Nil	—	—	4pm	4pm	North Kalgurli	4pm	......
6	F.P.	19/4	21/5	7½	6½	Platignum 5p	7	+¼
27	Nil	29/4	27/5	1½pm	1pm	Queens Moat	1pm	......
93	F.P.	16/4	4/6	103	99	Riley Leisure	102	+3
74	F.P.	8/4	6/5	120	98	St. George's Grp. 10p	118	−2
110	F.P.	23/3	23/4	167	134	Security Centres	144	+8
11	F.P.	6/4	27/4	16	14	Shaw & Marvin 10p	14	......
10	F.P.	24/3	23/4	13½	10½	Sturla 10p	11½	+1
133	Nil	—	—	17pm	15pm	Vickers (£1)	17pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ф Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ǁ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ǁǁ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Charter Cons	210	+5	Harris Queensway	152	+10
Chubb	121	+7	Menzies (John)	253	+17
GEC	823	+6	RTZ	438	+6
Glaxo	621	+18	Rothmans Intl	80½	+2½
Haden	207	+12	Smiths Inds	338	−7
Hambro Life	294	+9	Ultramar	405	+13

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
BP	13	300	+14	Plessey	9	373	+6
Lonsdale Unvsl	12	66	+24	Rank Org	9	177	+1
GEC	10	817	+12	RTZ	9	432	+8
Burmah Oil	9	140	+5	Shell Trans	9	386	+8
Fisons	9	307	+12	GUS A	8	483	+5
Hanson Trust	9	141	−5	Thorn EMI	8	427	—
ICI	9	320	+8	Unilever	8	588xd	+5

RISES AND FALLS YESTERDAY

	Rises	Falls	Same		Rises	Falls	Same
British Funds	75	7	11	Oils	32	6	69
Corpns. Dom. and Foreign Bonds	43	1	32	Plantations	4	—	19
Industrials	488	74	779	Mines	13	61	86
Financial & Props.	209	23	277	Others	38	56	61
				Totals	902	228	1,334

CONTRACTS

£7.6m work for Haigh & Ringrose

The Richardsons Westgarth Group subsidiary HAIGH AND RINGROSE has been awarded contracts worth £7.6m. As subcontractors to Foster Wheeler Energy it will carry out the installation of all instrumentation and electrics on Roche Products' new vitamin-C plant at Dalry and will do similar work as sub-contractors to John Brown on the new Flurbiprofen plant at Cramlington for the Boots Company.

The company has also been awarded the energy conservation instrumentation contract by Humphrey and Glasgow at BP Grangemouth, the instrumentation turn contract by Shell Chemicals UK at Carrington, and the instrumentation contract by Lummus Nederland BV for extensions to Lindsey oil refinery.

British Telecom orders worth more than £3.75m have been won by THORN EMI DATATECH to manufacture supplies of modems for BT's expanding Datel Services.

The company is producing 2400 bps devices for the Datel 2412 service. These are the Type 31 modem and the Type 32 modem for fitting inside a telephone unit.

LOEWY ROBERTSON ENGINEERING COMPANY has won a turnkey contract worth £1.5m from British Lead Mills for a lead sheet rolling mill and associated equipment. Fully automatic gauge control will be fitted, together with computerised mill pass scheduling.

SIGMUND PULSOMETER PROJECTS, a member of the SPP Group, is to supply and install pumps and associated equipment for a major improvement programme for the Eshott Sewage Treatment Works, Bradford, being undertaken by the Yorkshire Water Authority (Western Division).

Equipment is worth £250,000 and includes six large vertically mounted split-case pumps, close-coupled to fixed speed electric motors, together with control gear, pipework and valves. The pumps will be used for recirculation duties to supplement the normal daily flow variations to the Esholt Works so as to maintain a flow rate of approximately twice dry weather flow on to the filter beds for treatment.

STANDARD TELEPHONES AND CABLES' electronics division at Newport, Gwent, has won a £200,000 export order from Rockwell International, Dallas, U.S., for Incompex terminal equipment.

APPOINTMENTS

Managing director at RHP Bearings

Mr Brian Crosby is to join RHP BEARINGS as managing director. He will also be appointed to the board of the parent company RHP Group. Mr Crosby was managing director of GEC Fusegear, Liverpool.

★

Mr Peter N. Davies will retire from the board of ALLIED BAKERIES, of which he is chairman and chief executive, at the end of September. He will also be resigning from the board of Associated British Foods. Mr Davies will be replaced by Mr Geoffrey R. John, who joins Associated British Foods from Dalgety Spillers early in July. Mr John will take over the positions vacated by Mr Davies and will join the board of Associated British Foods in October.

★

Following the acquisition of Mannin Trust Bank, MANNIN INTERNATIONAL has made the following appointments: Mr W. A. Gilbey has been appointed chairman; Mr R. N. Hurst, managing director; Mr G. M. Reid and Mr J. Watson remain on the board as non-executive directors; and Mr R. H. Mackenzie joins the board as finance director and general manager. Mr R. Buchanan, joint managing director of Mannin International, has resigned from the board and from the boards of Mannin Trust Bank and all its associated or subsidiary companies. Sir John Cuninghame has resigned from the board of Mannin International.

★

Mr A. B. Sanders, marketing director of SMITH KLINE & FRENCH LABORATORIES, has been elected to the board.

★

Mr J. H. Gura becomes president of the CHARTERED INSTITUTION OF BUILDING SERVICES on April 22. Mr Gura is senior partner of consulting engineers The Oscar Faber Partnership.

★

Mr Malcolm Brown has been appointed media director of CHARLES BARKER SCOTLAND, part of the Charles Barker group. Formerly media director of R. & W. Advertising, the agency which recently merged with CBS, Mr Brown will be based in Glasgow.

★

BOWRING UK has acquired a 100 per cent interest in Miller Smith (Insurance Brokers), based in Cardiff. Mr C. N. Aylen, Mr L. W. Hughes and Mr B. J. Speed have joined the board of Miller Smith (Insurance Brokers).

The intention is to merge Miller Smith (Insurance Brokers), with Bowring's existing company in Cardiff, C. T. Bowring & Hughes (Cardiff). Mr S. Miller and Mr B. J. Speed will be chairman and chief executive respectively of the merged company and Mr B. John, Mr M. G. Jones and Mr A. K. Price will be appointed directors.

★

Mr S. Marks intends to relinquish the chairmanship of BAMBERS STORES at the annual meeting. Mr Marks will then become life president. Mr L. Vernon will be appointed chairman in addition to being managing director. Mr M. Kleiner has been appointed deputy chairman in addition to being deputy managing director. Mr H. Grant has retired as a director but will be continuing as company secretary. Mr P. H. Vernon has been appointed commercial director. Mr D. Wettreich, a non-executive director, has been appointed financial director.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (42)

BRITISH FUNDS (2)
Fndg. 5½pc '82-84 Treas. 3pc 1986

CORPORATION LOANS (1)
Glasgow 9¼pc '80-82

COMMONWEALTH LOANS (2)
Aust. 6pc '81-83 S. Rhod. 2½pc N-As.

FOREIGN BONDS (1)
Ireland 7¼pc '81-83

AMERICANS (4)
Abbott Labs. City Inv. C. Pf.
Chesebrough Woolworths

BANKS (1)
Clive Discount

BUILDING (1)
Tilbury Group

CHEMICALS (2)
Coates Bros. Do. A Non-Vtg.

STORES (3)
Harris Queensway Menzies (J.)
Std. Tel. & Cables

ELECTRICALS (1)

INDUSTRIALS (6)
Dentsply 9pc '81-90 Lonsdale Univ.
Evode Prestige
GR Hldgs. Vinten
Glaxo Wills (G.)

INSURANCE (2)
Stewart Wrightson Willis Faber

LEISURE (1)
TVS Non-Vtg.

MOTORS (2)
ERF Tate of Leeds

NEWSPAPERS (2)
Daily Mail A. Webster Grp.
Pearson Longman

PROPERTY (1)
Hardanger Prop.

TEXTILES (1)
Stirling Group

TRUSTS (2)
Gen. & Com. TR North American

OIL AND GAS (2)
CCP North Sea Oil & Gas Prodnc.

NEW LOWS (21)

AMERICANS (4)
Kaiser Alum. Rex. NY Con.

BUILDINGS (1)
Intl. Timber

CHEMICALS (1)
Brent Chems.

STORES (1)
Owen Owen

ENGINEERING (2)
Assoc. British Williams & James

FOODS (1)
FMC

INDUSTRIALS (3)
Bestobell Stonehill
Hawkins & Tipson Toye
Neil and Spencer

PROPERTY (1)
Lynton

TRUSTS (5)
Border & Southern Britannia Arrow
Greenbank Kellock
Triplevest Inc.

MINES (2)
Simmer & Jack Peko-Wallsend

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
April 5	April 26	July 15	July 26
April 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23

For rate indications see end of Share Information Service

Call options were taken out in ICL, Town and City Properties, Channel Tunnel, Trident TV A, Chloride, First National Finance, Howard Tenens, Raglan Property Trust, ESI, Westland, Lonrho, Pennine Commercial, Arrow Chemical, Tozer Kemsley and Millbourn, Courtaulds, Whittington Estates and Smith St. Aubyn. Puts were completed in GKN and Town and City Properties, while doubles were arranged in First National Finance, Howard Tenens, Babcock International and Courtaulds.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues April 20 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon April 19 Index No.	Fri April 16 Index No.	Thur April 15 Index No.	Wed April 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	365.43	+1.4	9.92	4.38	12.49	360.32	357.44	356.48	360.84	357.14
2	Building Materials (23)	322.73	+1.7	13.76	5.35	8.75	317.19	314.03	316.39	320.50	313.86
3	Contracting, Construction (28)	581.14	+1.7	15.04	5.07	7.82	571.56	571.33	573.14	583.91	591.89
4	Electricals (31)	1289.09	+1.0	7.22	2.29	17.72	1276.23	1255.33	1241.49	1260.80	1112.29
5	Engineering Contractors (9)	489.38	+2.5	13.71	6.19	8.58	477.56	477.81	486.87	487.28	478.22
6	Mechanical Engineering (67)	190.11	+1.6	11.94	6.01	10.22	187.20	187.91	187.19	188.72	219.60
8	Metals and Metal Forming (11)	161.78	+2.6	10.32	7.34	12.32	157.72	157.67	157.03	157.96	172.69
9	Motors (21)	93.40	+0.7	2.65	7.18	—	92.76	92.13	92.42	93.32	107.81
10	Other Industrial Materials (18)	367.11	+1.7	9.74	5.76	12.53	361.11	360.30	362.35	366.41	387.74
21	CONSUMER GROUP (201)	298.14	+1.7	12.51	5.61	9.60	293.20	291.22	290.98	294.67	277.57
22	Brewers and Distillers (21)	296.58	+0.9	15.95	6.58	7.56	294.00	292.23	290.47	293.28	300.37
25	Food Manufacturing (22)	272.10	+2.7	15.69	6.66	7.69	265.06	266.05	266.64	269.92	256.25
26	Food Retailing (14)	606.22	+3.4	8.88	3.51	13.75	586.53	587.39	590.12	594.34	532.76
27	Health and Household Products (8)	411.10	+1.7	8.33	3.94	13.97	404.11	396.64	394.68	401.58	301.42
29	Leisure (24)	444.91	+1.8	10.22	5.10	12.22	437.07	438.24	437.09	443.03	434.86
32	Newspapers, Publishing (12)	531.06	+1.5	10.42	5.90	13.07	523.15	525.81	525.81	531.73	492.88
33	Packaging and Paper (14)	144.99	+2.0	15.80	7.33	7.38	142.18	141.55	141.64	143.43	155.47
34	Stores (45)	270.86	+1.4	10.51	4.95	12.75	267.09	264.73	265.26	269.14	272.32
35	Textiles (23)	170.05	+1.5	9.71	5.90	13.39	157.50	168.07	167.72	170.81	164.98
36	Tobaccos (3)	316.87	+0.3	19.33	8.23	5.89	315.91	306.01	304.82	307.47	232.06
39	Other Consumer (15)	289.96	+1.2	1.73	5.45	—	286.54	286.86	288.17	290.24	293.38
41	OTHER GROUPS (78)	251.82	+1.3	13.39	6.18	9.00	248.75	247.27	246.79	250.74	237.88
42	Chemicals (16)	333.91	+0.7	13.49	6.93	8.84	331.43	325.55	325.26	329.82	293.25
44	Office Equipment (4)	121.17	+2.3	13.29	7.99	9.16	118.45	117.78	118.69	121.20	125.60
45	Shipping and Transport (13)	552.75	+1.1	19.45	6.68	6.11	546.88	558.79	541.46	555.37	636.81
46	Miscellaneous (45)	319.35	+1.7	11.62	5.14	10.54	314.15	314.86	314.73	319.28	297.21
49	INDUSTRIAL GROUP (487)	315.14	+1.5	11.68	5.24	10.50	310.40	308.19	307.66	311.67	299.27
51	Oils (13)	704.06	+0.7	18.22	8.26	6.40	699.17	676.35	676.74	691.22	821.25
59	500 SHARE INDEX	346.80	+1.4	12.74	5.73	9.51	342.04	338.17	337.72	342.58	348.96
61	FINANCIAL GROUP (117)	248.98	+1.3	—	6.61	—	245.73	245.35	245.50	249.12	259.96
62	Banks (6)	266.71	+1.2	39.27	8.03	2.79	263.52	260.45	260.21	264.32	254.03
63	Discount Houses (9)	230.75	+5.7	—	9.40	—	218.28	217.20	219.35	221.53	300.64
65	Insurance (Life) (9)	260.29	+1.9	—	6.94	—	255.53	261.59	263.02	265.62	268.40
66	Insurance (Composite) (10)	156.51	+1.8	—	9.00	—	153.74	153.76	154.40	156.09	167.70
67	Insurance Brokers (7)	475.33	+2.8	11.09	5.35	12.30	462.44	461.40	464.85	476.93	374.51
68	Merchant Banks (12)	146.63	+0.6	—	5.70	—	145.75	146.64	147.70	148.48	158.43
69	Property (49)	433.14	+0.5	5.03	3.51	26.58	431.15	426.00	424.03	432.18	506.32
70	Other Financial (15)	170.28	+1.5	19.31	6.70	6.20	167.83	171.25	170.58	172.80	170.24
71	Investment Trusts (112)	288.60	+0.8	—	5.58	—	286.30	286.62	287.96	289.56	312.59
81	Mining Finance (4)	210.67	+0.6	14.91	6.69	8.20	209.51	207.61	205.74	207.48	238.63
91	Overseas Traders (17)	367.36	+1.1	14.25	8.66	8.57	363.19	363.83	365.68	370.70	471.54
99	ALL-SHARE INDEX (750)	321.42	+1.3	—	5.93	—	317.21	314.46	314.23	318.56	323.68

FIXED INTEREST

	PRICE INDICES	Tues April 20	Day's change %	Mon April 19	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	109.96	+0.21	109.73	—	3.99
2	5-15 years	108.87	+0.77	108.03	—	4.33
3	Over 15 years	111.53	+0.96	110.47	—	4.93
4	Irredeemables	117.95	+0.81	117.00	—	1.62
5	All Stocks	109.85	+0.65	109.12	—	4.35
6	Debentures & Loans	86.06	+0.77	85.41	—	3.84
7	Preference	63.61	+0.06	63.57	—	2.68

	AVERAGE GROSS REDEMPTION YIELDS		Tues April 20	Mon April 19	Year ago (approx.)
	British Government				
1	Low	5 years	12.89	12.20	11.55
2	Coupons	15 years	12.99	13.03	12.12
3		25 years	12.98	13.06	12.25
4	Medium	5 years	14.24	14.36	13.10
5	Coupons	15 years	14.08	14.25	13.63
6		25 years	13.63	13.77	13.36
7	High	5 years	14.17	14.25	13.86
8	Coupons	15 years	14.25	14.40	13.83
9		25 years	13.84	13.96	13.54
10	Irredeemables†		12.78	12.88	11.66
11	Debs & Loans	5 years	15.23	15.43	14.45
12		15 years	15.04	15.17	14.45
13		25 years	15.04	15.10	14.45
14	Preference†		15.50	15.51	14.44

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

£ & $ easier

Sterling and the dollar weakened on nervousness about the Falkland Islands dispute and the downward trend in U.S. interest rates.

The lira lost ground in the European Monetary System as a result of Italy's political crisis, and the French franc declined as French interest rates continued to ease.

STERLING — Trade-weighted index (Bank of England) 89.8 against 89.8 at noon, 90.0 in the morning, 89.9 at the previous close, and 87.3 six months ago. Three-month interbank per cent (16⅞ per cent six months ago). Annual inflation rate 11 per cent (12 per cent previous month)—The pound closed little changed against the dollar, after showing a firmer trend for most of the day, but lost ground to most other major currencies. Sterling opened at $1.7700-1.7710, and touched a best level of $1.7730-1.7740, before falling to $1.7640-1.7650, and closing at $1.7650-1.7660, a fall of five points on the day. It fell to DM 4.2350 from DM 4.2675 against the D-mark; to FFr 11.05 from FFr 11.10 against the French franc; to SwFr 3.4425 from SwFr 3.48 in terms of the Swiss franc; and to Y429 from Y434.50 against the yen.

DOLLAR — Trade-weighted index 115.2 against 115.9 on Monday, and 108.3 six months ago. Three-month Treasury bills 12.435 per cent (13.94 per cent six months ago). Annual inflation 7.7 per cent (8.4 per cent previous month) — The dollar fell to DM 2.3965 from DM 2.4155; to FFr 6.2580 from FFr 6.2850; to SwFr 1.9480 from SwFr 1.9675; and to Y242.80 from Y245.80.

D-MARK — EMS member (strongest). Trade-weighted index 123.3 against 123.1 on Monday, and 124.1 six months ago. Three-month interbank 9.275 per cent (11.575 per cent six months ago). Annual inflation 5.2 per cent (5.8 per cent previous month) — The D-Mark improved against most members of the EMS at the Frankfurt fixing. It was unchanged against the Irish punt and lost ground to only the Danish krone. Sterling fell to DM 4.2400 from DM 4.2550, but the Swiss franc rose to DM 1.2309 from DM 1.2278. The Bundesbank did not intervene when the dollar fell to DM 2.3942 from DM 2.4173, the first fixing below the DM 2.40 level since the beginning of the month. In the afternoon the U.S. currency continued to ease to around DM 2.3950, influenced by lower Eurodollar interest rates, and hopes of a cut in the U.S. Budget deficit.

FRENCH FRANC — EMS member (central position). Trade weighted index 78.7 against 78.8 on Monday, and 82.7 six months ago. Three-month interbank 16¼ per cent (16½ per cent six months ago). Annual inflation 13.9 per cent (unchanged from previous month)—The French franc weakened against all members of the EMS, except the Italian lira at the Paris fixing. The lira is at present suffering from Italy's political problems, while the franc's easier trend probably reflected the downward movement of French interest rates. On the other hand the dollar fell to FFr 6.2370 from FFr 6.2840, and sterling to FFr 11.0490 from FFr 11.0625.

DUTCH GUILDER — EMS member (third strongest). Trade weighted index 114.3 against 113.9 on Monday and 114.8 six months ago. Three-month interbank 8 per cent (12⅞ per cent six months ago). Annual inflation 6.8 per cent (unchanged from previous month)—The guilder remained very firm against its EMS partners at the Amsterdam fixing, showing no reaction to the lower trend in domestic interest rates. Among other major currencies only the Swiss franc and Japanese yen were stronger. The dollar fell to Fl 2.6560 from Fl 2.6820, and sterling to Fl 4.7050 from Fl 4.7220.

THE POUND SPOT AND FORWARD

April 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7640-1.7740	1.7650-1.7660	0.22-0.32c dis	-1.83	0.65-0.75dis	-1.58
Canada	2.1620-1.1620	2.1555-2.1565	0.35-0.45c dis	-2.22	1.15-1.25dis	-2.23
Nethlnd.	4.69-4.73	4.69-4.70	2¼-2c pm	5.75	7-6½ pm	5.75
Belgium	79.85-80.45	79.90-80.00	25-35c dis	-4.50	77-97 dis	-4.35
Denmark	14.36-14.46	14.36-14.37	7-8¾ore dis	-6.32	17-18½dis	-4.94
Ireland	1.2220-1.2300	1.2250-1.2265	0.63-0.75p dis	-6.75	1.09-1.37dis	-4.01
W. Ger.	4.22½-4.28½	4.23-4.24	1⅝-1⅛pf pm	4.60	5-4⅞ pm	4.49
Portugal	128.00-130.00	128.75-129.75	195-510c dis	-32.73	800-1205dis	-31.07
Spain	186.20-187.50	186.25-186.55	65-95c dis	-5.15	200-245 dis	-4.77
Italy	2330-2342	2330-2332	18-21lire dis	-10.04	56-61 dis	-10.04
Norway	10.70-10.77	10.70-10.72	7-8½ore dis	-9.23	12½-19½ dis	-3.69
France	11.01-11.07	11.04½-11.05½	5½-8½c dis	-7.87	20½-24dis	-8.05
Sweden	10.40-10.49	10.40-10.41	½-1ore pm	0.50	1½-1⅜ pm	0.50
Japan	427-435	428½-429½	2.95-2.35y pm	6.78	6.90-6.70 pm	6.34
Austria	29.70-29.86	29.72-29.77	16-12gro pm	5.65	37-30 pm	4.50
Switz.	3.42½-3.47½	3.43½-3.44½	3¾-2¾c pm	10.02	7⅝-7 pm	8.42

Belgian rate is for convertible francs. Financial franc 87.80-87.90.
Six-month forward dollar 1.17-1.27c dis, 12-month 1.95-2.10c dis.

THE DOLLAR SPOT AND FORWARD

April 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7640-1.7740	1.7650-1.7660	0.22-0.32c dis	-1.83	0.65-0.75dis	-1.58
Ireland†	1.4410-1.4455	1.4430-1.4450	0.65-0.55c pm	4.98	1.80-1.65 pm	4.77
Canada	1.2175-1.2215	1.2210-1.2215	0.02-0.05c dis	-0.34	0.16-0.19dis	-0.57
Nethlnd.	2.6540-2.6660	2.6555-2.6585	1.70-1.60c pm	7.46	4.58-4.48 pm	6.82
Belgium	45.20-45.32	45.26-45.28	9-14c dis	-3.05	32-37 dis	-3.05
Denmark	8.1200-8.1450	8.1200-8.1250	3.00-3.30ore dis	-4.58	6.50-7.00dis	-3.32
W. Ger.	2.3925-2.4050	2.3960-2.3970	1.32-1.27pf pm	6.48	3.67-3.62 pm	6.08
Portugal	72.15-73.50	72.80-73.30	100-270c dis	-30.72	200-650dis	-23.21
Spain	105.50-105.85	105.60-105.65	22-32c dis	-3.07	70-80 dis	-3.00
Italy	1319-1322½	1,319½-1,320½	9½-11lire dis	-9.31	28-31 dis	-9.09
Norway	6.0650-6.0765	6.0650-6.0670	2.70-3.00ore dis	-5.64	2.70-3.00dis	-1.88
France	6.2300-6.2565	6.2555-6.2565	2½-3½c dis	-5.01	9½-10½ dis	-6.04
Sweden	5.8930-5.9060	5.8950-5.8980	1.30-1.15ore pm	2.49	3.35-3.20 pm	2.22
Japan	242.50-243.50	242.75-242.85	1.79-1.75y pm	8.60	4.88-4.78 pm	7.95
Austria	16.82½-16.84½	16.83½-16.84½	11½-10gro pm	7.57	26½-23½ pm	6.00
Switz.	1.9440-1.9570	1.9475-1.9485	1.80-1.65c pm	11.46	4.88-4.78 pm	9.90

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 20	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.8	-33.5
U.S. dollar	115.2	+7.4
Canadian dollar	88.7	-17.5
Austrian schilling	116.8	+25.6
Belgian franc	94.3	-1.9
Danish kroner	83.5	-13.8
Deutsche mark	123.3	+45.9
Swiss franc	151.0	+103.4
Guilder	114.3	+21.3
French franc	78.7	-15.5
Lira	54.1	-58.3
Yen	135.3	+30.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 19	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.631431	0.563050
U.S. $	12	1.11113	0.990999
Canadian $	15.34	1.35580	1.20859
Austria Sch.	6¾	18.8749	16.8356
Belgian F.	14	50.7064	45.2108
Danish Kr.	11	9.11783	8.13486
D mark	7½	2.68503	2.39418
Guilder	8	2.98005	2.65580
French Fr.	9½	6.98234	6.22487
Lira	19	1476.69	1316.01
Yen	5½	274.338	243.772
Norwgn. Kr.	9	6.79234	6.04986
Spanish Pta.	8	118.334	105.589
Swedish Kr.	10	6.61678	5.90122
Swiss Fr.	5½	(u)	1.95049
Greek Dr'ch.	20½	—	63.0447

OTHER CURRENCIES

April 20	£	$		£ Note Rates
Argentina Peso	20,642-20,682	11,650-11,700	Austria	29.65-29.95
Australia Dollar	1.6788-1.6805	0.9495-0.9500	Belgium	87.40-88.40
Brazil Cruzeiro	269.97-270.97	152.43-153.19	Denmark	14.33-14.47
Finland Markka	8.1974-8.139	[illegible]	France	10.98-11.08
Greek Drachma	110.155-112.485	63.30-63.50	Germany	4.22-4.26
Hong Kong Dollar	10.271-10.285	5.8080-5.8130	Italy	2300-2365
Iran Rial	145.50*	82.50*	Japan	430-435
Kuwait Dinar (KD)	0.504-0.510	0.2865-0.2867	Netherlands	4.70-4.74
Luxembourg Fr.	79.90-80.00	45.26-45.28	Norway	10.70-10.80
Malaysia Dollar	4.1340-4.1440	2.3375-2.3395	Portugal	127¼-134½
New Zealand Dlr.	2.3050-2.3090	1.3035-1.3055	Spain	181-195¼
Saudi Arab. Riyal	6.04-6.10	3.4305-3.4325	Sweden	10.39-10.49
Singapore Dollar	3.7660-3.7760	2.1295-2.1315	Switzerland	3.42¾-3.46¾
Sth. African Rand	1.8530-1.8545	1.0495-1.0505	United States	1.76-1.78
U.A.E. Dirham	6.47-6.53	3.6715-3.6735	Yugoslavia	92-97

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.1862	+1.10	+1.10	±1.5440
Danish Krone	8.18382	8.11770	−0.81	−0.81	±1.6428
German D-Mark	2.41815	2.39240	−1.07	−1.07	±1.1037
French Franc	6.19564	6.23072	+0.57	+0.57	±1.3743
Dutch Guilder	2.67296	2.65324	−0.74	−0.74	±1.5069
Irish Punt	0.686799	0.691048	+0.62	+0.62	±1.6689
Italian Lira	1305.13	1317.19	+0.92	+0.92	±4.1242

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for April 20 .... 0.563770

EXCHANGE CROSS RATES

April 20	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.766	4.235	429.0	11.05	3.443	4.659	2331.	2.156	79.95
U.S. Dollar	0.566	1.	2.399	243.0	6.259	1.950	2.683	1320.	1.221	45.28
Deutschemark	0.236	0.417	1.	101.3	2.609	0.813	1.109	550.4	0.509	18.88
Japanese Yen 1,000	2.331	4.115	9.872	1000.	25.76	8.024	10.94	5434.	5.026	186.4
French Franc 10	0.905	1.598	3.833	388.2	10.	3.115	4.249	2110.	1.951	72.35
Swiss Franc	0.290	0.513	1.230	124.6	3.210	1.	1.364	677.1	0.626	23.22
Dutch Guilder	0.213	0.376	0.902	91.37	2.354	0.733	1.	496.5	0.459	17.03
Italian Lira 1,000	0.429	0.757	1.817	184.0	4.740	1.477	2.014	1000.	0.925	34.30
Canadian Dollar	0.464	0.819	1.964	199.0	5.125	1.597	2.178	1081.	1.	37.08
Belgian Franc 100	1.251	2.208	5.297	536.6	13.82	4.306	5.872	2916.	2.697	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 15/16	offer 15 1/16	bid 14 15/16	offer 15 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13¼-13½	14½-14¾	14-15	3-4	1½-2	8⅝-8¾	16½-17½	17½-19½	14⅞-15⅞	13¼-13⅜	6⅛-6¾	20⅜-20¾
7 days' notice	13¼-13½	14¾-15	14-15	6¾-7¼	1½-2	8⅝-8¾	17-18½	20⅝-24	16-18	14½-14¾	6⅝-6¾	20-21
Month	13 7/16-13 9/16	14⅞-15	15-15⅝	7 13/16-8 1/16	4¼-4⅝	8 11/16-8 13/16	19-20	23¼-24⅝	17½-18½	14⅝-14⅞	6 7/16-6 11/16	19-19½
Three months	13⅝-13¾	14⅞-15	15½-15⅞	7 13/16-8 1/16	4⅞-5	8¾-8⅞	21¼-22¼	24-25	17¾-18¾	14¾-15	6 7/16-6 11/16	18-18½
Six months	13 11/16-13 13/16	14⅞-15	15¾-16⅛	8 1/16-8 5/16	5 7/16-5 9/16	8⅝-8¾	21¼-22¼	23¾-24½	16⅝-17¾	14⅝-14⅞	6 11/16-6 15/16	17¼-17¾
One Year	13 11/16-13 13/16	14 15/16-15 1/16	16⅛-16½	8½-8⅝	5⅞-6	8 3/16-8 11/16	19-20	23⅜-24⅝	16-17	14⅝-14⅞	6¾-6⅞	16¼-16¾

SDR linked deposits: one month 13 3/16-13 9/16 per cent; three months 13⅜-13⅝ per cent; six months 13 5/16-13 11/16 per cent; one year 13 3/16-13 7/16 per cent.
CU linked deposits: one month 13½-13⅞ per cent; three months 13 15/16-14 3/16 per cent; six months 13 13/16-14 3/16 per cent; one year 13⅝-13⅞ per cent.
Asian $ (closing rates in Singapore): one month 15-15⅛ per cent; three months 14 15/16-15 1/16 per cent; six months 15-15⅛ per cent; one year 14 11/16-14 13/16 per cent. Long-term Eurodollar two years 15⅛-15⅜ per cent; three years 15¼-15½ per cent; four years 15⅜-15⅝ per cnt; five years 15½-15¾ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 14.80-14.90 per cent; three months 14.80-14.90 per cent; six months 14.80-14.90 per cent; one year 14.70-14.90 per cent.

MONEY MARKETS

Further fall in London rates

Interest rates continued to ease in the London money market yesterday on hopes of a bloodless conclusion to the Falkland Islands crisis. In the interbank market three-month money fell to 13 11/16 per cent from 13 15/16 per cent.

In the morning the Bank of England forecast a credit shortage of £350m. The main factors were expected to be: bills maturing in official hands −£75m; Exchequer transactions −£190m; and bank balances below target −£145m.

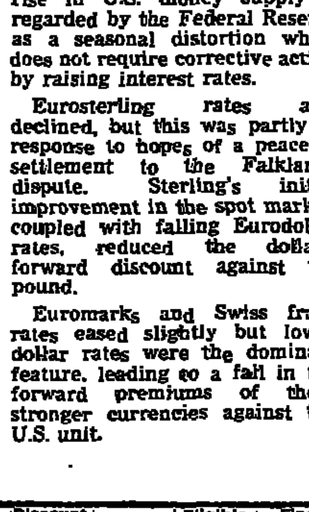
Before lunch the authorities bought £92m of bills, made up of £4m bank bills in band 1 (up to 14 days maturity) at 13¼ per cent; £68m bank bills in band 2 (15-33 days) at 13 per cent; and £20m bank bills in band 3 (34-63 days) at 12⅞ per cent.

In the afternoon the shortage was revised to about £300m, and the Bank of England bought a further £213m of bills, making a total of £305m. The additional help was by way of £1m Treasury bills in band 1 at 13¼ per cent; £106m bank bills in band 1 at 13¼ per cent; £80m bank bills in band 2 at 13 per cent; £10m bank bills in band 3 at 12⅞ per cent; and £16m bank bills in band 4 (64-84 days) at 12 13/16 per cent.

Discount houses paid 11-13 per cent for secured call loans. In the interbank market overnight money opened at 13-13¼ per cent, and touched a peak of 15¼ per cent, before closing at 7 per cent.

In Paris the downward trend in interest rates continued, when the Bank of France cut its money market intervention rate by 1 per cent to 16 per cent. The central bank has bought FFr 45bn of first category paper, maturing between April 24-30. The move was encouraged by the recovery of the franc in the European Monetary System, and follows recent reductions in call money to 16½ per cent from a peak of 18 per cent last month. Call money was unchanged yesterday, and period rates were generally steady.

In Amsterdam the official call rate was cut to 4½ per cent from 8⅞ per cent as a result of increased money market liquidity following various Government disbursements. On the open market call money fell to 5¼ per cent from 8¼ per cent. A tender for five-year Dutch Treasury bills takes place today.



EUROCURRENCIES

Rates ease

International interest rates followed Eurodollars down yesterday, although there were exceptions, notably the lira, where the growing political crisis in Italy, led to a firming of Eurolira rates.

Eurodollars retreated on indications that the present sharp rise in U.S. money supply is regarded by the Federal Reserve as a seasonal distortion which does not require corrective action by raising interest rates.

Eurosterling rates also declined, but this was partly in response to hopes of a peaceful settlement to the Falklands dispute. Sterling's initial improvement in the spot market, coupled with falling Eurodollar rates, reduced the dollar's forward discount against the pound.

Euromarks and Swiss franc rates eased slightly but lower dollar rates were the dominant feature, leading to a fall in the forward premiums of these stronger currencies against the U.S. unit.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	14½-14⅝
Treasury bills (13-week)	12.43½
Treasury bills (26-week)	12.66

GERMANY

Special Lombard	9.50
Overnight rate	9.45
One month	9.375
Three months	9.275
Six months	9.10

FRANCE

Intervention rate	16.0
Overnight rate	16.5
One month	16.125
Three months	16.25
Six months	15.25

JAPAN

Discount rate	5.50
Call (unconditional)	7.15625
Bill discount (three-month)	7.09375

LONDON MONEY RATES

April 20 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-15¼	—	—	—	—	11-13	—	—	—
2 days notice	—	—	13⅜-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13¼-13⅝	13⅜-13½	—	—	13¾	12½	—	—	—
One month	13 11/16-13 9/16	13⅝-13¾	13⅝	14⅛-14	13 9/16	14	12¾	13 1/16-13⅛	13 1/16-13⅛	13⅞
Two months	13 11/16-13 9/16	13⅝-13⅞	—	14¼-13⅞	13⅝	14⅛	12⅝-12¾	13-13 1/16	13	13¾
Three months	13¾-13½	13¾-13⅞	13¾	14⅛-13¾	13¼	14¼	12⅝-12¾	13-13 1/16	12 31/32-13	13¾
Six months	13¾-13⅛	13¾-13⅞	13¾	13⅛-13¼	13¾	—	—	—	12⅞	13⅜
Nine months	13¾-13⅛	13¾-13⅞	—	14⅛-13¾	13¾	—	—	—	—	—
One year	13¾-13⅛	13¾-13⅞	13¾	14-13¾	13¾	—	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14¾ per cent; four years 14¾ per cent; five years 14½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 1/16 per cent; four months trade bills 13⅝ per cent.

Approximate selling rate for one month treasury bills 13 per cent; two months 12⅞ per cent; three months 12⅞ per cent. Approximate selling rate for one month bank bills 13 per cent; two months 12⅞ per cent and three months 12 27/32-12⅞ per cent; one month trade bills 13⅝ per cent; two months 13½ per cent; three months 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from April 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10-10½ per cent. Clearing Bank Rates for lending 13-per cent. Treasury Bills: Average tender rates of discount 13.1993 per cent.

Certificates of Tax Deposit (Series 5) 13¼ per cent from March 3. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.1	238.0	+0.1	—
Equity Fund	49.7	52.4	+1.0	—
Property Acc.	264.4	278.4	+0.2	—
Equity Acc.	47.6	50.2	+1.0	—
Selective Fund	144.9	152.6	+1.6	—
Money Fund	164.6	173.3	+0.9	—
Convertible Fund	176.6	185.9	+0.3	—
Prop. Fd. Ser. 4	208.8	219.8	+0.1	—
Equity Ser. 4	53.3	56.2	+1.0	—
Man. Ser. 4	194.4	204.7	+2.1	—
Money Ser. 4	149.3	157.2	+0.1	—
Conv. Ser. 4	149.5	157.4	+0.2	—
Fixed Int. Fd. Ser. 4	114.1	120.2	+1.5	—
American Ser. 4	116.4	122.6	+0.8	—
High Inc. Ser. 4	114.4	120.5	+1.4	—
Pension Property	314.1	330.7	+0.4	—
Pension Equity	271.8	286.2	+6.3	—
Pension Selective	145.8	153.5	+1.6	—
Pension Managed	285.2	300.3	+3.9	—
Pension Security	217.7	229.2	+0.4	—
Pension Fixed Int.	110.2	116.1	+1.9	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	308.4	324.6	+0.2	—
Fixed Int. Acc.	198.5	200.5	+2.6	—
Gtd. Money Fd. Ac.	154.2	162.3	.....	—
Intl. Man. Fd. Acm.	146.8	154.6	+0.6	—
Intl. Fxd. Int. Fd.	106.8	112.3	-0.2	—
Prop. Fd. Acc.	158.2	166.5	.....	—
M'ple Inv. Acc.	245.1	257.9	+0.9	—
Equity Pen.Fd.Acc.	420.3	442.3	+0.3	—
Fixed I.Pen.Acc.	302.3	318.1	+4.2	—
G'td.Mon.Pen.Acc.	212.0	223.1	+0.1	—
Intl.Mn.PnFdAcc.	169.8	178.7	+0.8	—
Prop.Pen.Acc.	207.8	218.7	.....	—
M'ple Inv.Pen.Acc.	352.8	371.4	+1.5	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	192.9	203.3	.....	—
Money Fd.	141.8	149.3	.....	—

Crown Life—Continued

St. George Mangd. Fd.	108.7	114.4	.....	—
Lincs & Gen.Fd.	117.8	124.0	.....	—
Sage Fd.	83.6	88.0	.....	—
Heritage Fd.	95.3	100.3	.....	—
DBS Managed	100.2	105.4	.....	—
Crown. Brit. Inv. A.		217.8	.....	—
Pens. Mixed. Fd.	141.2	146.3	.....	—
Pens. Mang'd. Acc.	105.4	110.9	.....	—
Pens. Mang'd. Init.	102.4	107.7	.....	—
Pens. Equity Acc.	94.7	99.6	.....	—
Pens. Equity Init.	92.0	96.8	.....	—
Pens. Fxd. Int. Acc.	105.2	110.7	.....	—
Pens. Fxd. Int. Init.	102.2	107.5	.....	—
Pens. Money Acc.	106.5	112.1	.....	—
Pens. Money Init.	103.5	108.9	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq. EC3N4DJ 488 2323

Growth Prop April 16	104.1	114.4	.....	—
Managed Pens Mar 10.	111.91	117.80	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	74.6	77.4	+1.7	6.15

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	180.9	190.4	+3.6	—
Higher Inc. Fund	117.2	123.3	+2.5	—
Property Fund	188.1	197.9	+0.1	—
Fixed Interest Fund	136.1	143.2	+2.0	—
Index Linked Secs Fnd.	93.0	97.8	-0.5	—
Gtd. Deposit Fund	133.7	140.7	+0.2	—
Nth. America Fund	106.4	111.9	-0.5	—
Far East Fund	82.6	86.9	+1.8	—
International Fund	97.5	102.6	+1.0	—
Mixed Fund	161.8	170.3	+2.1	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	178.5	187.8	.....	—
Ind. Pen. Property	141.7	149.1	.....	—

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHERS

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	......	**IRISH**		
Bertrams	17#	......	Conv. 9% '80/82	£96¼	......
Bdg'wtr. Est. 50p	395	......	Nat. 9¾% 84/89	£68¾	......
Craig & Rose £1	£12¾	......	Fin. 13% 97/02	£71⅝	......
Finlay Pkg. 5p	29	......	Alliance Gas	78	......
Graig Ship. £1	£22	......	Arnott	215	......
Higsons Brew	70	......	Carroll (P.J.)	78	......
Holt (Jos) 25p	570	+5	Concrete Prods.	90	......
I.O.M. Stm. £1	125	......	Helton (Hldgs.)	17½	......
Pearce (C. H.)	£10¾	......	Irish Ropes	36	......
Peel Hldgs.	145	......	Jacob	67xd	......
Sheff. Refrshmt	77	......	T.M.G.	8	......
Sindall (Wm.)	205	......	Unidare	44	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	10	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lots"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	29	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	Tesco	5½	**Mines**	
Grand Met.	17	Thorn EMI	42	Charter Cons.	25
G.U.S. 'A'	45	Trust Houses	11	Cons. Gold	45
Guardian	25	Tube Invest.	13	Lonrho	7
G.K.N.	15	Turner & Newall.	11	Rio T Zinc	42
Hawker Sidd	30	Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday April 21 1982

Queen's Awards show tenacity of major exporters

COMPUTER systems, aeroplanes, diesel engines, hops and flavours and fragrances figure among the wide variety of products made by companies winning this year's 91 Queen's Awards for Export, Ian Rodger writes.

A new drug for treating anaerobic infections, a new breed of potato and one-man submersibles for deep-sea diving were recognised among the 19 Queen's Awards for Technology.

The 91 export awards illustrate in particular the tenacity of the country's major manufacturers in a period when many markets have been weak and the strength of sterling has—until recently—hurt their competitiveness both at home and abroad.

GEC Turbine Generators, for example, wins the award for the third year in a row, as 90 per cent of its £1.6bn order book now comes from export orders, compared with only 24 per cent in 1975.

For many manufacturers exports have made up for a stagnation or slump in home sales.

"We took a £7m order from Singapore in 1980 on an extremely slender margin," Mr Ron Graham of Pirelli, the electric cable maker, said. "But our home demand was so low that it afforded a useful base load."

Faced with rapid decline of the UK market for steel scrap in the late 1970s, Coopers (Metals) opened shipping depots at 10 ports and built up exports from £2.5m in 1976 to £20m last year.

Military equipment suppliers, including British Aerospace, Alvin and Richard Unwin, are prominent among the winners, as are subsidiaries of major foreign groups, such as Michelin Tyre, Hughes Tool, Kodak and Smith Kline and French.

The list includes some very small companies, such as Airchaft and Instrument Demisting, which makes a chemical coating that prevents glass from fogging. The company has six employees and turnover of £½m a year, 96 per cent of which is exported.

Invisible exporters are well represented by a number of engineering consulting firms and the merchant bank, Morgan Grenfell.

Video Arts takes an award for a series of industrial training films starring John Cleese and other top comedians.

Whisky distillers, regular winners, are virtually absent this year because of the slump in trade. The one winner, Donald Fisher, a subsidiary of Distillers Company, has successfully revived a well-known brand, Ye Monks, in South American markets. But Mr John McCormack, managing director, said only very little was sold in Argentina.

The 19 awards for technological achievement include an instance in which the development of one winner, City Technology's oxygen sensor, is a component in another, the fuel efficiency monitor developed by Neotronics.

Two awards relate to aero engines. Rolls-Royce win one for improving the fuel economy on its RB211-524 engines and Lucas Aerospace is recognised for its engine re-heat nozzle and thrust reverse actuation systems.

The number of applications for export awards reached its lowest level, 818, since 1974 but Government officials suspect difficult trading conditions rather than lack of interest were responsible. The number of applications for technology awards was little changed at 261.

Details, Pages 28-29

Receivers in at Agemaspark

BY ANDREW TAYLOR

AGEMASPARK, the high technology precision engineering company and holder of the Queen's Award for Exports, has been placed in the hands of the receivers.

The company is 49 per cent owned by the National Enterprise Board. It says it is the only major British manufacturer of electro-discharge spark erosion machines, which are used in the manufacture of complex metal-working tools and dies.

Agemaspark's customers have included a range of engineering and manufacturing companies such as Babcock International, British Aerospace, the Central Electricity Generating Board, Plessey, Rolls-Royce, Kodak, Parker Pen, and Spear and Jackson.

The receivers were appointed by the Midland Bank following a request to the bank from the directors of Agemaspark last Friday.

The receivers are Mr Bernard Phillips and Mr Peter Phillips, of Bernard Phillips and Co, who will continue to run Agemaspark as a going concern. They say, however that the business must be sold in the next three weeks. British and American companies are understood to be among potential purchasers.

Agemaspark, employs 160 workers at its High Wycombe factory in Buckinghamshire. It started to run into trouble in 1980, a year after it had won the Queen's Award for Exports, the company's turnover peaked at £6.2m in 1979 with about 55 per cent of sales going to export markets.

The company suffered losses of £1.8m in 1981, compared with pre-tax profits of £243,000 in 1979. Turnover for the year was £3.2m. The sharp fall was because of the recession within the British machine tool industry and a collapse of Agemaspark's main exports markets in Italy and South Africa.

The National Enterprise Board injected a further £1.1m in equity capital into the company last summer. This increased the NEB stake in Agemaspark from 30 per cent (acquired in 1976) to 49 per cent.

Agemaspark made a further approach to the NEB for financial assistance at the beginning of this year but the NEB felt unable to help.

Agemaspark has received almost £2m from the NEB in equity and loan finance. It has received a further £300,000 in public funds in the form of a grant from the Industry Department and development finance from the National Research Development Corporation.

A significant proportion of this money has gone towards development costs on a new wire spark erosion machine—the first such machine to be designed and built by a British company.

The new development has attracted healthy interest at international trade fairs, but orders have remained slow, with much of the world's engineering industry in recession.

Flexibility call by Fed president

By Stewart Fleming in Bonn

THE DECLINE in world oil prices and the sharp reduction expected in the current account surpluses of the members of the Organisation of Petroleum Exporting Countries is allowing industrial countries to "breathe a little easier" and be more flexible in economic policy, Mr Anthony Solomon, president of the New York Federal Reserve Bank, said yesterday.

Much of the reduction in the oil-induced current account deficits, however, will again tend to be concentrated among industrial nations, particularly West Germany and Japan, Mr Solomon told the West German Society for Foreign Policy in Bonn yesterday.

For this reason the world would still face a recycling problem to help developing countries finance continuing current account deficits, he said.

Mr Solomon suggested that "only recently has Opec begun to act like an organised cartel on the production side," adding that it still faced a "test of unity" in this respect.

High real interest rates on their investments, the fact that several Opec countries were themselves heading for current account deficits and the possibility that in the future dollar exchange rates might fall would add to the incentives for some oil producers to break ranks to try to increase their oil earnings.

"The situation gives the industrial countries opportunity to exert leverage for more sustained downward pressure on oil prices."

Mr Solomon said the lifting of the oil constraint and the disappearance of the Opec surplus "is not a sufficient condition for resolving our economic problems."

The U.S. had to move from recession to expansion without losing the hard-won progress on inflation, he said. This would require a better mix of fiscal and monetary policies.

BL reduces Mini Metro output

BY LORNE BARLING

BL IS TO reduce output of Mini Metros at its Longbridge plant and cut the workforce by a further 500.

The company said the move was because of recent over-production and a consequently high level of stocks. The cuts in the workforce are in addition to the 1,000 previously announced.

The action is despite a surge in sales on the Continent, but the UK market is expected to contract overall this year and may cut Metro sales below the 110,000 level of 1981. BL said that extra demand expected from the launch of new Metro models in the next two months could also be met without restoring any job cuts. Production levels were to be reviewed again in two months.

BL maintains that the recent overproduction has been due to a higher level of output than expected because of improved efficiency, and that sales are continuing at a high level.

Austin Rover said the manufacturing programme for Metros had been set at slightly more than demand forecast. This was to allow for any production problems, but 98 per cent efficiency had been achieved since the start of the year instead of the expected 94 per cent.

Between 4,300 and 4,400 Metros had been produced each week as a result instead of the 4,270 required by the sales side of BL.

The company said it was, therefore, aiming to reduce production to 4,150 a week. It was seeking an additional 500 redundancies because it wished to maintain 98 per cent efficiency. The redundancies would be voluntary "if possible."

The high level of stocks will be reduced in the coming months and decisions about future levels of output will then be made. About 11,500 production workers are employed at Longbridge.

BL's hopes of concluding a new industrial relations framework within the company as a whole appeared to have been set back yesterday over warnings given recently to senior union officials at Longbridge, and Cowley, Oxford.

Mr Jack Adams, the Longbridge convenor, has been "counselled" by management for his published statements on safety standards, said to be damaging to BL. And, Mr Brian Chambers, the AUEW's senior steward, has been reprimanded for lateness and absenteeism.

Mr Colin Willets, a member of the Longbridge works committee, has also been counselled for allegedly misleading a mass meeting during the recent "tea break strike."

Mr Roy Fraser, of the AUEW in Cowley, faces a disciplinary hearing over claims about bad management, said to have been made to the Press.

BL said last night: "We see no reason why an employee because he is a shop steward, should not be required to observe the same standards of behaviour that all other employees are bound by."

Halewood Escort production halted again

BY OUR LABOUR STAFF

ESCORT car production at the £350m Ford plant at Halewood, was at a standstill yesterday for the second day running.

The dispute, which has cost nearly £14m in lost production, began when 18 workers in the metal-finishing area were taken off the payroll on Monday for refusing to work normally.

About 300 workers in the body shop came out in sympathy. Management laid off 5,000 men in the body construction and assembly areas.

Talks over the 300 hourly-paid men on unofficial strike are not planned until Friday, according to Mr Bill Brodrick, of the Transport and General Workers' Union.

The 300 men say they are on "indefinite strike," but work continues in the press shop, maintenance areas and transmission plant.

Stockpiling cannot continue for long, and further lay-offs may become inevitable.

The dispute has been simmering for nearly a fortnight. According to Mr Steve Broadhead, body plant convener, "two groups of employees are laying claim to the same job."

The two groups are quality control workers and production operators in the body shop.

An interim agreement was reached last week giving the disputed work to quality control. That provoked the walkout by 18 production operators in the body shop.

The company said last night: "These 18 men are flying in the face of an agreement drawn up between the company and their own district union officials."

The dispute has stopped production of about 2,500 cars.

Better news for the company came from Eastbourne, where leaders of the Amalgamated Union of Engineering Workers, Ford's second largest union, indicated that their annual pay and conditions claim was likely to be relatively low.

The national committee of the union drew back from supporting a resolution before the union's conference for a claim of £30 a week. This would have meant rises of 20 to 24 per cent on basic rates.

The £20 target was urged by Mr Sid Harroway, convener at Dagenham, who claimed that next Monday Ford would disclose a 1981 profit of about £100m.

Another Ford convener, Mrs Rita Gorostiaga, said the specific figure should be deleted in favour of a more loose, but "substantial" claim. The move was approved on Right-Left voting lines by 56 to 35.

The overall claim, which includes calls for improved pensions, a 35-hour week and revision of the wages structure to replace the present five grades with a three-grade system, was carried by 79 to 12.

Last year Ford workers officially won a 7.8 per cent rise, though it is admitted in the company that in reality it was considerably higher, perhaps about 11 per cent.

AUEW militants attack economic strategy Page 11

Weather

UK TODAY

MAINLY dry and sunny. Light drizzle in the north.

London, England, Wales

Dry, sunny periods with some cloud. Max. 15C to 17C (59F to 63F).

Scotland, N. Ireland

Sunny at first becoming cloudy with rain later. Max. 10C to 13C (50F to 55F).

Orkney, Shetland

Sunny intervals with outbreaks of rain and cloud. Max. 9C (48F).

Outlook: Mostly dry and sunny. Some cloud and rain in the north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	16	61	L. Ang.†		—	—
Algiers	F	18	64	Luxmbg.	F	13	56
Amsdm.	S	11	52	Luxor		—	—
Athens	C	19	66	Madrid	F	17	63
Bahrain		—	—	Majorca	S	18	64
Barclna.	S	17	63	Malaga	F	18	64
Beirut	F	20	68	Malta	F	19	66
Belfast	C	10	50	Mchstr.	F	13	55
Belgrd.	C	9	48	Melbne.		—	—
Berlin	C	10	50	Mx. C.†		—	—
Biarritz	C	14	57	Miami†		—	—
Bmghm.	F	14	57	Milan	F	14	57
Blackp'l	C	10	50	Montr'l†		—	—
Bordx.	S	19	66	Moscow	C	8	46
Boulgn.	F	10	50	Munich	S	10	50
Bristol	S	15	59	Nairobi		—	—
Brussels	S	13	55	Naples	S	16	61
Budpst.	C	11	52	Nassau		—	—
Cairo		—	—	Nwcstl.	S	14	57
Cardiff	S	15	59	N York†		—	—
Casbca	S	17	63	Nice	C	14	57
Cape T.		—	—	Nicosia		—	—
Chicg.†		—	—	Oporto	S	21	70
Cologne	F	14	57	Oslo	S	13	55
Cpnhgn.	S	8	46	Paris	S	15	59
Corfu		—	—	Perth	S	24	75
Denver†	C	−5	23	Prague	F	9	48
Dublin	F	14	57	Rykjvk.	F	5	41
Dbrvnk.	S	15	59	Rhodes	S	20	68
Ednbgh.	C	11	52	Rio J'o†		—	—
Faro	S	20	68	Rome	F	18	64
Florence	F	17	63	Salzb'rg	C	10	50
Frankf't	S	14	57	S'cisco†		—	—
Funchal	C	18	64	S. M'ritz		—	—
Geneva	S	13	55	Singapr.	R	28	82
Gibrltr.	S	19	66	S'tiago†		—	—
Glasg'w	F	12	54	Stckhm.	F	9	48
G'rnsey	S	12	54	Strasb'g		—	—
Helsinki	S	4	39	Sydney		—	—
H. Kong	C	23	73	Tangier	F	19	66
Innsbr'k	F	9	48	Tel Aviv	F	20	68
Invrnss.	S	11	52	Tenerife	S	20	68
I.o.Man	C	10	50	Tokyo	S	20	68
Istanbul	R	9	48	Tor'nto†	R	7	45
Jersey	S	14	57	Tunis	C	16	61
Jo'burg	S	17	63	Valencia	S	19	66
L. Plms.	S	20	68	Venice	F	14	57
Lisbon	S	19	66	Vienna	R	5	41
Locarno	F	14	57	Warsaw	C	6	43
London	S	13	55	Zurich	F	11	52

C—Cloudy, F—Fair, R—Rain, S—Sunny

†Noon GMT temperatures.

Continued from Page 1

Falklands

settlement, a sizeable group of Tory MPs is now reconciled to the use of armed force to expel the Argentines.

William Hall writes: There was a continued firm tone in London's financial markets yesterday reflecting further hopes that a solution to the Falkland Islands crisis will be found.

Money market rates fell for the second day running, with the three-month inter-bank rate shedding ⅛ to 13⅜ per cent.

The weaker trend in U.S. interest rates also contributed to the more confident mood, and three-month Eurodollar rates shed nearly half-a-point.

The dollar continued to weaken on the back of lower interest rates falling in London from DM 2.4155 to DM 2.3965 and from Y245.50 to Y242.80 against the Japanese currency.

Sterling was one of the few currencies to close lower against the U.S. currency, finishing at $1.7655, a net loss of 5 points on the day. Its trade weighted index fell 0.1 to 89.8.

In the stock market equities continued to move ahead with the FT Industrial Ordinary share index closing 4.5 higher at 562.6. Gilt-edged stock were also firmer.

British Transport docks 'on the road to recovery'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE British Transport Docks Board, due for partial privatisation later this year, said further into the red in 1981 but returned to profit in the first quarter of 1982 and says it is "firmly on the road to recovery."

Labour disputes at its main Southampton port were largely responsible for the pre-tax loss of £10.3m in 1981 compared with a profit pre-tax of £11.5m in 1980.

Sir Humphrey Browne, the outgoing chairman of BTDB, did not think the 1981 results would affect the government's aim of selling 49 per cent of the Board to private investors. He warned that he "would strongly disapprove of a bargain basement sale."

It might, however, affect the timing of the operation. The board might have to provide up-to-date figures in the share sale prospectus for the first half of 1982.

He said the board was now "satisfactorily profitable" with tonnage through the ports up by a quarter in the first three months of 1982 and revenues a fifth higher compared to last year.

"All the indications are that the board is firmly on the road to recovery," he added. More containers were now handled at Southampton than before the disputes.

The BTDB will not have the same heavy redundancy costs as last year when it paid £5m to non-dockers.

Total redundancies were 1,300 last year, and Government delays in extending voluntary severance arrangements for registered dockers at London and Liverpool to other ports also cost the board about £6m.

Mr Keith Stuart, the managing director to succeed Sir Humphrey in May, said the upturn in trade had mainly shown in steel, coal and grain exports.

The board said it was owed about £5.7m by the British Steel Corporation for iron ore and coal imports through Port Talbot but it has made no special provision for this amount in its accounts.

OCL results, Page 26

Continued from Page 1

Acclaim

Japanese products," he said, adding that "the Triumph Acclaim is one of the cars we are most concerned about."

At a Turin Motor Show Press conference Sig Ghidella indicated that Fiat believed the "norm" for the European content of a car, before it could be sold as an EEC product, should be 80 per cent.

He again urged EEC vehicle producers to develop a co-operative European strategy to compete with Japanese and U.S. multinationals.

Fiat is, however, experiencing difficulties arising from co-operation attempts in its dealings with Peugeot of France over the joint production of a new lightweight car engine.

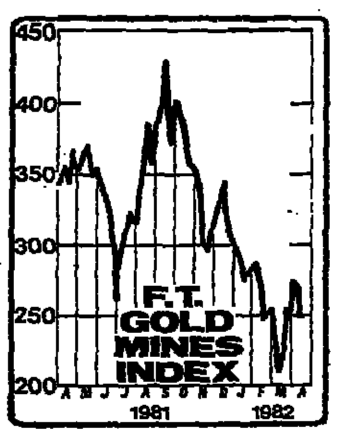
Apparently, the French insist that some production should take place in France. The original concept seems to have been for the engine plant to be in southern Italy.

Sig Ghidella said one solution being considered was for two plants, both producing about 250,000 engines, be set up, one in each country.

THE LEX COLUMN

No accounting for the treasurer

Index rose 4.5 to 562.6



Monday's official figures on company finances carried a gaping hole. £2½bn wide in the last quarter of 1981, between corporate cash flows and corporate borrowing. This discrepancy looks less mystifying in the light of the sort of exercise revealed in Thomas Tilling's 1981 accounts. Tilling's operations produced a cash inflow of £2m last year and the group spent a net £32m on acquisitions. Bank borrowings, however, are up by £108m.

This figure partly reflects the growth—by no means confined to Tilling—of the corporate treasury function. Tilling's December balance sheet shows £103.1m in the gilt-edged market—a sum rather above the amounts raised by the last two rights issues and not far short of a quarter of tangible net worth.

This important profit (or loss) centre does not feature in the review of operations. But there is plenty of useful detail about small manufacturing businesses, and a pat on the back for Heinemann, which published the award-winning "How far can you go?"

The same question might well be asked of the accountants about the way in which the treasury activities are presented. Running income on the gilt-edged book is, of course, taken above the line: last year's £2.6m rise in investment income to £16.4m compares with a £2.9m increase in total pre-tax profits to £73.6m.

But capital fluctuations are treated quite differently. The £104.9m of listed investments are in the balance sheet at cost, but their market value in December was only £96.1m. The £8.8m book loss does not appear in the profit and loss account, while realised losses, grouped under the heading "net deficit on divestment of undertakings and disposal of investments" and totalling £12m, are treated as extraordinary.

Partly for reasons of tax-efficiency, Tilling's borrowings are mainly in dollars, so that while the gilt-edged book wilted, exchange movements increased debt by £42m last year. This rise is fully matched, however, by an uplift in operating asset values. It all looks much more fun than quarrying.

Gold

If the gold price is any kind of diplomatic barometer, then the chances of a peaceful settlement to the Falklands crisis must have risen markedly in the past few days. A week ago, bullion reached almost $370 an ounce and it looked as if the chartists might at last be able to reverse the direction of their parallel lines.

After falling further yesterday to $343.75, that hope seemed forlorn. The evidence of physical demand, which produced very high Krugerrand sales and shipments to Japan last month, has slowly evaporated. Even so, there is a general consensus that a price of around $300 now represents a solid resistance point. Early last month, that level looked very vulnerable.

For punters in the new gold futures market, the past fortnight has at least shown that gold retains its sensitivity to political unrest, a quality which looked in doubt during the Polish crisis.

Smiths Industries

The tenor of yesterday's interim report from Smiths Industries was markedly less optimistic than that of the chairman's annual statement a few months ago. Demand in the UK is still very weak and the minute profits on distribution stay as much about the stock cycle as they do about the winter weather.

Yet the reorganisation of the components business is already having some effect and there has been another very strong performance from the medical division. For the six months to January, pre-tax profits are 12 per cent higher at £11.2m. This advance will certainly not be matched in the second half and the unbroken profits record may go by the board this year.

Aerospace profits are being affected by the deferment of orders, while the slowdown of the South African economy could weaken the traditional prop from overseas earnings. For a company still heavily involved in unglamorous industries, Smiths has remarkable defensive strengths. But after five years of stagnant profits, it badly needs to show some evidence of growth. At last night's price of 338p, the shares yield a historic 4.5 per cent and look unlikely to break out of their recent narrow trading range.

Docks Board

A swing from pre-tax profit of £11.5m to a loss of £10.3m might be expected to temper aspirations for flotation. But the British Transport Docks Board remains confident that it will be offered to the public later in the year. In fact the poor performance can be attributed largely to exceptional factors. The industrial disputes at Southampton—now more or less settled—alone produced a turnround of nearly £14m. The delay before the Government extended its revised severance terms to the Board's ports cost £6m in extra wages, while a £5m bill for redundancies should not be repeated.

Meanwhile, the Board is talking confidently about a strong pickup in business in the past couple of months. Southampton has won back all its major customers and is currently processing more containers than ever before. Elsewhere, steel and coal exports are well up.

So, barring the unforeseen, profits may exceed those of 1980, giving the Board an opportunity to rebuild its depleted cash reserves. This may be a far cry from the £22m made in 1979 when the Board had a target for 20 per cent return on capital. Nevertheless, the Board is the long term beneficiary of the trade switch to the South and East coasts, and its employee surplus is under control. By and large it has proved capable of producing a reasonable cash surplus out of trading each year. With a loss behind it, and an apparent switch in the Government's priorities—from abstracting the maximum cash to disposal for its own sake—the company may be sold at a very attractive price.